THE MSUNDUZI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2014

General Information

Legal form of entity	Category B Municipality in terms of section 1 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The primary function of the Msunduzi Municipality is to provide basic services i.e. water, electricity, sewerage, water and sanitation to the Pietermaritzburg jurisdiction. The Msunduzi Municipality is controlled by a Mayor, Deputy Mayor, the Accounting Officer, Speaker, ten Executive Committee members, and five Deputy Municipal Managers who contribute to day-to-day management.
Legislation governing the municipality's operations	Municipal Finance Management Act, (Act 56 of 2003), The Constitution of the Republic of South Africa (Act 108 of 1996), Municipal Structures Act (Act 117 of 1998), Municipal Systems Act, (Act 32 of 2000); Municipal Property Rates Act, (Act 6 of 2004), Division of Revenue Act (Act 1 of 2007)
Grading of local authority	Category - B
Controlling entity	The Msunduzi Municipality
Municipal Entity	Safe City (Pty) Ltd
Registered office	The City Hall 260 Church Street Pietermaritzburg 3201
Business address	The City Hall 260 Church Street Pietermaritzbug 3201
Postal address	The City Hall Private Bag X321 3200
Telephone	(033) 392 2006
Facsimile	(033) 392 2208
Bankers	First National Bank
Auditor	The Auditor General
Website	www.msunduzi.gov.za
Accounting Officer	M A Nkosi
Chief Finance Officer (CFO)	N M Ngcobo
Executive Committee	Mayor - CJ Ndlela Deputy Mayor - TR Zuma Member - NP Bhengu Member - JM Lawerence - 1 month

General Information

	Member - M Inderjit
	Member - M Chetty - 11 months
	Member - WF Lambert
	Member - NE Majola
	Member - JJ Ngubo
	Member - VT Xulu
	Member - M Schalkwyk
Councillors	Speaker - B Baijoo
	Whip - TV Magubane
	NB Ahmed
	R Ahmed
	RP Ashe
	N Atwaru
	C Bradley
	SD Buthelezi
	TM Buthelezi
	PN Dlamini
	TI Dlamini
	AB Dlomo
	S Govender
	SC Gwala
	NF Gumede
	SP Lyne
	LL Madlala
	Si Madonda
	ST Majola
	FM Makhathini
	T Matiwane
	M Maphumalo
	AL Mbanjwa
	GR McArthur
	MB Mkhize
	MA Mkhize
	MH Mkhize
	SA Mkhize
	VGM Mlete
	PN Msimang
	SC Ndawonde
	MD Ndlovu
	NZ Ndlovu
	TP Ndlovu
	BB Ngcobo
	JM Ngcobo
	KM Ngcobo
	L Ngcobo
	MA Ngcobo
	TP Ngcobo
	PG Ngidi
	TD Ntombela
	DB Phungula

General Information

DF Ryder
P Shozi
LN Sikhakhane
J Singh
RB Singh
P Sithole
BC Sokhela
MS Sokhela
R Soobiah
MA Tarr
LJ Winterbach
DP Zondi
BE Zuma
MB Zuma
TRM Zungu
FR Zungu
PV Jaca
FN Mbatha
TS Magwaza

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Abbreviations

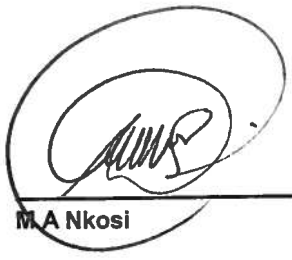
ASB	Accounting Standards Board
CBD	Central Business District
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DSB	Development Services Board
FNB	First National Bank
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
KZN	Kwazulu Natal
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NATIS	National Traffic Information System
NCT	Natal Co-operative Timber Tree Farming (Pty) Ltd
NJMPF	Natal Joint Municipal Pension Fund
NPA	Natal Provincial Administration
PAYE	Pay As You Earn
RMB	Rand Merchant Bank
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation

Accounting Officer's Responsibilities and Approval

Certification by the Municipal Manager

I, am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 110, in terms of Section 126(1) of the Municipal Finance Management Act (56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclose in Note 34 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act



28/08/2014

M.A Nkosi — Date

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013 Restated
Assets			
Current Assets			
Inventories	3	743,239,027	755,044,846
Other financial assets	13	46,081	46,081
Trade receivables from non-exchange transactions	4	462,879,443	321,502,839
Trade and receivables from exchange transactions	5	608,516,025	553,773,105
Short term investment	7	6,901,834	5,901,021
Cash and cash equivalents	6	901,649,826	718,068,292
		2,723,232,236	**2,354,336,184**
Non-Current Assets			
Biological assets	12	46,520,046	37,915,260
Investment property	10	356,913,816	320,520,236
Property, plant and equipment	8	6,465,073,225	6,385,975,578
Intangible assets	9	2,097,543	1,898,994
Heritage assets	11	177,572,480	176,969,036
Other financial assets	13	9,587,680	8,771,407
		7,057,764,790	**6,932,050,511**
Total Assets		**9,780,997,026**	**9,286,386,695**
Liabilities			
Current Liabilities			
Other financial liabilities	14	42,690,655	45,574,898
Finance lease obligation	15	338,004	1,088,857
Trade payables from exchange transactions	16	502,632,196	481,005,086
VAT payable	17	74,874,638	70,538,636
Consumer deposits	18	85,112,070	79,589,229
Unspent conditional grants and receipts	19	291,314,078	170,460,191
Provisions	20	6,876,719	4,396,719
		1,003,838,360	**852,653,616**
Non-Current Liabilities			
Other financial liabilities	14	496,828,777	540,418,309
Finance lease obligation	15	569,098	907,103
Retirement benefit obligations	21	559,848,366	480,277,982
Provisions	20	61,002,002	55,456,365
		1,118,248,243	**1,077,059,759**
Total Liabilities		**2,122,086,603**	**1,929,713,375**
Net Assets		**7,658,910,423**	**7,356,673,320**
Net Assets			
Housing development fund	22	51,542,986	49,902,967
Accumulated surplus	23	7,607,367,437	7,306,770,353
Total Net Assets		**7,658,910,423**	**7,356,673,320**

* See Note 60 & 61

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 Restated
Revenue			
Revenue from exchange transactions			
Service charges	25	2,080,094,327	1,968,855,064
Rental received	26	21,654,561	20,896,190
Licences and permits	27	81,377	59,002
Fees from agency services	28	669,291	732,726
Other revenue	29	115,681,196	60,552,735
Interest received - external investments	30	43,302,650	34,283,812
Interest received - trade and other receivables	30	53,055,390	82,051,046
Total revenue from exchange transactions		**2,314,538,792**	**2,167,430,575**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	31	602,953,620	585,863,903
Property rates - penalties imposed	31	22,673,588	39,595,547
Transfer revenue			
Government grants and subsidies	32	694,304,613	566,469,706
Fines	33	102,758,283	8,371,286
Total revenue from non-exchange transactions		**1,422,690,104**	**1,200,300,442**
Total revenue	24	**3,737,228,896**	**3,367,731,017**
Expenditure			
Employee related costs	34	(741,537,216)	(684,336,568)
Remuneration of councillors	35	(37,099,641)	(33,421,534)
Conditional grant expenditure	36	(87,412,313)	(55,628,591)
Depreciation and amortisation	37	(249,473,858)	(229,011,118)
Impairment of assets	38	(662,051)	(8,141,512)
Finance costs	39	(67,174,144)	(70,966,061)
Debt impairment	40	(112,625,661)	(217,793,936)
Collection costs	41	(15,372,628)	(4,615,653)
Repairs and maintenance	42	(139,059,872)	(97,782,621)
Bulk purchases	43	(1,453,402,187)	(1,373,240,526)
Contracted services	44	(21,066,262)	(17,769,190)
Grants and subsidies paid	45	(4,428,810)	(4,163,848)
General expenses	46	(466,358,720)	(478,896,019)
Total expenditure		**(3,395,673,363)**	**(3,275,767,177)**
Operating surplus		**341,555,533**	**91,963,840**
Gain or loss on disposal of assets	48	(395,853)	(1,777,973)
Gain or loss on donated assets	49	102,597	(1,341,657)
Loss on immovable assets	50	(5,438,627)	-
Loss on movable assets	51	(104,539)	(613,184)
		(5,836,422)	**(3,732,814)**
Surplus for the year		**335,719,111**	**88,231,026**

* See Note 60 & 61

Statement of Changes in Net Assets

Figures in Rand	Housing development fund	Accumulated surplus	Total net assets
Restated balance at 01 July 2012	**55,525,904**	**7,002,651,139**	**7,058,177,043**
Changes in net assets			
Effects of prior period error	-	65,104,846	65,104,846
Net income (losses) recognised directly in net assets	-	65,104,846	65,104,846
Surplus / Deficit for the year	-	93,611,026	93,611,026
Total recognised income and expenses for the year	-	158,715,872	158,715,872
Donated/contributed property plant and equipment	-	44,975	44,975
Adjustments	-	4,459,919	4,459,919
Surplus from HDF	-	101,310	101,310
Adjustments to heritage assets	-	140,797,138	140,797,138
Transfer to HDF	(5,622,937)	-	(5,622,937)
Total changes	(5,622,937)	304,119,214	298,496,277
Restated* Balance at 01 July 2013	**49,902,967**	**7,306,770,353**	**7,356,673,320**
Changes in net assets			
Donated/contributed property plant and equipment	-	347,703	347,703
Adjustments	-	(38,198,690)	(38,198,690)
Effects of prior period error	-	5,380,000	5,380,000
Asset adjustments to investment property and property plant and equipment	-	(2,844,039)	(2,844,039)
Transfer to HDF	1,640,019	-	1,640,019
Net income (losses) recognised directly in net assets	1,640,019	(35,315,026)	(33,675,007)
Surplus / Deficit for the year	-	335,719,110	335,719,110
Total recognised income and expenses for the year	1,640,019	300,404,084	302,044,103
Surplus from HDF	-	193,000	193,000
Total changes	1,640,019	300,597,084	302,237,103
Balance at 30 June 2014	**51,542,986**	**7,607,367,437**	**7,658,910,423**

Note(s)

* See Note 60 & 61

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013 Restated
Cash flows from operating activities			
Receipts			
Sale of goods and services		2,833,940,581	2,467,132,517
Government grants and subsidies		694,304,614	566,469,707
Interest income		96,358,040	116,334,858
		3,624,603,235	3,149,937,082
Payments			
Employee costs		(741,537,216)	(684,336,568)
Suppliers		(2,207,583,126)	(1,895,267,156)
Finance costs		(67,174,144)	(70,966,061)
		(3,016,294,486)	(2,650,569,785)
Net cash flows from operating activities	52	**608,308,749**	**499,367,297**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(184,234,581)	(81,108,615)
Proceeds from sale of property, plant and equipment	8	9,191,019	17,824,210
Movement in other financial assets	13	(816,273)	(570,180)
Non cash movement in fixed assets	10	(17,550,754)	10,216,225
Short term investment	7	(1,000,813)	(645,089)
Capital work in progress	9	(166,627,706)	(180,518,768)
Purchase of intangible assets	9	(737,085)	(56,793)
Purchase of heritage assets	11	(103,444)	(140,191,240)
Purchase of investment property	11	(12,203,000)	-
Purchase of biological assets	12	(8,604,786)	-
Net cash flows from investing activities		**(382,687,423)**	**(375,050,250)**
Cash flows from financing activities			
Repayment of borrowings		(47,562,633)	(35,805,612)
Movement in consumer deposits		5,522,841	7,941,537
Net cash flows from financing activities		**(42,039,792)**	**(27,864,075)**
Net increase/(decrease) in cash and cash equivalents		**183,581,534**	**96,452,972**
Cash and cash equivalents at the beginning of the year		718,068,292	621,615,320
Cash and cash equivalents at the end of the year	6	**901,649,826**	**718,068,292**

* See Note 60 & 61

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	2,147,016,336	(42,351,040)	**2,104,665,296**	2,080,094,327	**(24,570,969)**	
Rental received	20,254,999	2,285,958	**22,540,957**	21,654,561	**(886,396)**	
Licences and permits	48,000	-	**48,000**	81,377	**33,377**	
Fees from agency services	586,000	-	**586,000**	669,291	**83,291**	
Other revenue	48,011,199	1,708,165	**49,719,364**	115,681,196	**65,961,832**	
Interest received - external investments	27,029,000	-	**27,029,000**	43,302,650	**16,273,650**	
Interest received - trade and other receivables	1,254,834	-	**1,254,834**	53,055,390	**51,800,556**	
Total revenue from exchange transactions	**2,244,200,368**	**(38,356,917)**	**2,205,843,451**	**2,314,538,792**	**108,695,341**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	607,308,000	-	**607,308,000**	602,953,620	**(4,354,380)**	
Property rates - penalties imposed	37,363,000	-	**37,363,000**	22,673,588	**(14,689,412)**	
Government grants & subsidies	766,983,000	81,377,119	**848,360,119**	694,304,613	**(154,055,506)**	
Transfer revenue						
Fines	3,634,000	7,908,613	**11,542,613**	102,758,283	**91,215,670**	
Total revenue from non-exchange transactions	**1,415,288,000**	**89,285,732**	**1,504,573,732**	**1,422,690,104**	**(81,883,628)**	
Total revenue	**3,659,488,368**	**50,928,815**	**3,710,417,183**	**3,737,228,896**	**26,811,713**	
Expenditure						
Employee related costs	(779,766,001)	17,222,767	**(762,543,234)**	(741,537,216)	**21,006,018**	
Remuneration of councillors	(36,419,001)	(110,000)	**(36,529,001)**	(37,099,641)	**(570,640)**	
Conditional grant expenditure	(26,000,000)	(58,989,671)	**(84,989,671)**	(87,412,313)	**(2,422,642)**	
Depreciation and amortisation	(222,212,002)	-	**(222,212,002)**	(249,473,858)	**(27,261,856)**	
Impairment of assets	-	-	**-**	(662,051)	**(662,051)**	
Finance costs	(66,872,099)	456,091	**(66,416,008)**	(67,174,144)	**(758,136)**	
Debt impairment	(137,509,745)	-	**(137,509,745)**	(112,625,661)	**24,884,084**	
Collection costs	(3,102,000)	(12,304,075)	**(15,406,075)**	(15,372,628)	**33,447**	
Repairs and maintenance	(94,392,227)	(53,876,751)	**(148,268,978)**	(139,059,872)	**9,209,106**	
Bulk purchases	(1,493,889,895)	13,047,758	**(1,480,842,137)**	(1,453,402,187)	**27,439,950**	
Contracted services	(19,191,841)	(1,874,734)	**(21,066,575)**	(21,066,262)	**313**	
Grants and subsidies paid	(5,027,304)	-	**(5,027,304)**	(4,428,810)	**598,494**	
General expenses	(723,651,251)	45,499,800	**(678,151,451)**	(466,358,720)	**211,792,731**	
Total expenditure	**(3,608,033,366)**	**(50,928,815)**	**(3,658,962,181)**	**(3,395,673,363)**	**263,288,818**	
Operating surplus	**51,455,002**	**-**	**51,455,002**	**341,555,533**	**290,100,531**	
Gain or loss on disposal of assets	15,131,000	-	**15,131,000**	(395,853)	**(15,526,853)**	
Gain or loss on donated assets	-	-	**-**	102,597	**102,597**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Loss on immovable assets	-	-	**-**	(5,438,627)	**(5,438,627)**	
Loss on movable assets	-	-	**-**	(104,539)	**(104,539)**	
	15,131,000	**-**	**15,131,000**	**(5,836,422)**	**(20,967,422)**	
Surplus before taxation	**66,586,002**	**-**	**66,586,002**	**335,719,111**	**269,133,109**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**66,586,002**	**-**	**66,586,002**	**335,719,111**	**269,133,109**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	56,566,739	679,727,280	**736,294,019**	743,239,027	**6,945,008**	
Other financial assets	-	-	**-**	46,081	**46,081**	
Trade receivables from non-exchange transactions	7,354,451	117,157,542	**124,511,993**	462,879,443	**338,367,450**	
Trade and receivables from exchange transactions	690,704,000	(7,994,169)	**682,709,831**	608,516,025	**(74,193,806)**	
Short term investment	-	-	**-**	6,901,834	**6,901,834**	
Cash and cash equivalents	648,868,441	218,010,752	**866,879,193**	901,649,826	**34,770,633**	
	1,403,493,631	**1,006,901,405**	**2,410,395,036**	**2,723,232,236**	**312,837,200**	
Non-Current Assets						
Biological assets	-	-	**-**	46,520,046	**46,520,046**	
Investment property	-	-	**-**	356,913,816	**356,913,816**	
Property, plant and equipment	6,568,313,325	255,866,399	**6,824,179,724**	6,465,073,225	**(359,106,499)**	
Intangible assets	-	-	**-**	2,097,543	**2,097,543**	
Heritage assets	-	-	**-**	177,572,480	**177,572,480**	
Other financial assets	419,391,172	(410,757,801)	**8,633,371**	9,587,680	**954,309**	
	6,987,704,497	**(154,891,402)**	**6,832,813,095**	**7,057,764,790**	**224,951,695**	
Total Assets	**8,391,198,128**	**852,010,003**	**9,243,208,131**	**9,780,997,026**	**537,788,895**	
Liabilities						
Current Liabilities						
Other financial liabilities	38,029,973	(38,029,973)	**-**	42,690,655	**42,690,655**	
Finance lease obligation	-	-	**-**	338,004	**338,004**	
Trade payables from exchange transactions	618,107,418	160,956,231	**779,063,649**	502,632,196	**(276,431,453)**	
VAT payable	-	-	**-**	74,874,638	**74,874,638**	
Consumer deposits	73,940,746	9,561,255	**83,502,001**	85,112,070	**1,610,069**	
Unspent conditional grants and receipts	-	-	**-**	291,314,078	**291,314,078**	
Provisions	-	3,714,230	**3,714,230**	6,876,719	**3,162,489**	
	730,078,137	**136,201,743**	**866,279,880**	**1,003,838,360**	**137,558,480**	
Non-Current Liabilities						
Other financial liabilities	573,000,000	(8,964,739)	**564,035,261**	496,828,777	**(67,206,484)**	
Finance lease obligation	-	-	**-**	569,098	**569,098**	
Retirement benefit obligations	-	-	**-**	559,848,366	**559,848,366**	
Provisions	-	535,734,347	**535,734,347**	61,002,002	**(474,732,345)**	
	573,000,000	**526,769,608**	**1,099,769,608**	**1,118,248,243**	**18,478,635**	
Total Liabilities	**1,303,078,137**	**662,971,351**	**1,966,049,488**	**2,122,086,603**	**156,037,115**	
Net Assets	**7,088,119,991**	**189,038,652**	**7,277,158,643**	**7,658,910,423**	**381,751,780**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Housing development reserve	56,080,579	(18,871,375)	**37,209,204**	51,542,986	**14,333,782**	
Accumulated surplus	7,032,039,412	207,910,027	**7,239,949,439**	7,607,367,437	**367,417,998**	
Total Net Assets	**7,088,119,991**	**189,038,652**	**7,277,158,643**	**7,658,910,423**	**381,751,780**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	2,466,204,000	374,450,000	**2,840,654,000**	2,833,940,581	**(6,713,419)**	
Government grants and subsidies	767,006,000	40,682,000	**807,688,000**	694,304,614	**(113,383,386)**	
Interest income	27,029,000	-	**27,029,000**	96,358,040	**69,329,040**	
	3,260,239,000	**415,132,000**	**3,675,371,000**	**3,624,603,235**	**(50,767,765)**	
Payments						
Employee costs	-	-	**-**	(741,537,216)	**(741,537,216)**	
Suppliers	(2,795,550,000)	42,351,000	**(2,753,199,000)**	(2,207,583,126)	**545,615,874**	
Finance costs	(64,600,000)	-	**(64,600,000)**	(67,174,144)	**(2,574,144)**	
Transfers and grants	(5,027,000)	-	**(5,027,000)**	-	**5,027,000**	
	(2,865,177,000)	**42,351,000**	**(2,822,826,000)**	**(3,016,294,486)**	**(193,468,486)**	
Net cash flows from operating activities	**395,062,000**	**457,483,000**	**852,545,000**	**608,308,749**	**(244,236,251)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(285,394,000)	(96,063,000)	**(381,457,000)**	(372,510,602)	**8,946,398**	
Proceeds from sale of property, plant and equipment	-	-	**-**	9,191,019	**9,191,019**	
Movement in other financial assets	(422,000)	-	**(422,000)**	(816,273)	**(394,273)**	
Non cash movement in fixed assets	-	-	**-**	(17,550,754)	**(17,550,754)**	
Short term investment	(3,000)	-	**(3,000)**	(1,000,813)	**(997,813)**	
Net cash flows from investing activities	**(285,819,000)**	**(96,063,000)**	**(381,882,000)**	**(382,687,423)**	**(805,423)**	
Cash flows from financing activities						
Repayment of borrowings	(45,175,000)	-	**(45,175,000)**	(47,562,633)	**(2,387,633)**	
Movement in consumer deposits	3,722,000	-	**3,722,000**	5,522,841	**1,800,841**	
Net cash flows from financing activities	**(41,453,000)**	**-**	**(41,453,000)**	**(42,039,792)**	**(586,792)**	
Net increase/(decrease) in cash and cash equivalents	67,790,000	361,420,000	**429,210,000**	183,581,534	**(245,628,466)**	
Cash and cash equivalents at the beginning of the year	830,762,000	-	**830,762,000**	718,068,292	**(112,693,708)**	
Cash and cash equivalents at the end of the year	**898,552,000**	**361,420,000**	**1,259,972,000**	**901,649,826**	**(358,322,174)**	

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2014											
Financial Performance											
Property rates	607,308,000	-	607,308,000	-		607,308,000	625,627,208		18,319,208	103 %	103 %
Service charges	2,147,016,336	(42,351,040)	2,104,665,296	-		2,104,665,296	2,080,094,327		(24,570,969)	99 %	97 %
Investment received	28,283,834	-	28,283,834	-		28,283,834	96,358,040		68,074,206	341 %	341 %
Transfers recognised - operational	380,313,000	60,302,686	440,615,686	-		440,615,686	448,121,964		7,506,278	102 %	118 %
Other own revenue	125,028,000	11,902,736	136,930,736	-		136,930,736	240,947,305		104,016,569	176 %	193 %
Total revenue (excluding capital transfers and contributions)	**3,287,949,170**	**29,854,382**	**3,317,803,552**	**-**		**3,317,803,552**	**3,491,148,844**		**173,345,292**	**105 %**	**106 %**
Employee costs	(779,766,001)	(17,222,767)	(796,988,768)	-	-	(796,988,768)	(741,537,216)	-	55,451,552	93 %	95 %
Remuneration of councillors	(36,419,001)	(110,000)	(36,529,001)	-	-	(36,529,001)	(37,099,641)	-	(570,640)	102 %	102 %
Debt impairment	(137,509,745)	-	(137,509,745)			(137,509,745)	(112,625,661)	-	24,884,084	82 %	82 %
Depreciation and asset impairment	(222,212,002)	-	(222,212,002)			(222,212,002)	(250,135,909)	-	(27,923,907)	113 %	113 %
Finance charges	(66,872,099)	456,091	(66,416,008)	-	-	(66,416,008)	(67,174,144)	-	(758,136)	101 %	100 %
Materials and bulk purchases	(1,493,889,895)	13,047,758	(1,480,842,137)	-	-	(1,480,842,137)	(1,453,402,187)	-	27,439,950	98 %	97 %
Transfers and grants	(5,027,304)	-	(5,027,304)	-	-	(5,027,304)	(4,428,810)	-	598,494	88 %	88 %
Other expenditure	(866,337,319)	(81,545,629)	(947,882,948)	-	-	(947,882,948)	(735,208,814)	-	212,674,134	78 %	85 %
Total expenditure	**(3,608,033,366)**	**(85,374,547)**	**(3,693,407,913)**	**-**	**-**	**(3,693,407,913)**	**(3,401,612,382)**	**-**	**291,795,531**	**92 %**	**94 %**
Surplus/(Deficit)	**(320,084,196)**	**(55,520,165)**	**(375,604,361)**	**-**		**(375,604,361)**	**89,536,462**		**465,140,823**	**(24)%**	**(28)%**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	386,670,000	55,520,165	442,190,165	-		442,190,165	246,182,649		(196,007,516)	56 %	64 %
Surplus (Deficit) after capital transfers and contributions	**66,585,804**	**-**	**66,585,804**	**-**		**66,585,804**	**335,719,111**		**269,133,307**	**504 %**	**504 %**
Surplus/(Deficit) for the year	**66,585,804**	**-**	**66,585,804**	**-**		**66,585,804**	**335,719,111**		**269,133,307**	**504 %**	**504 %**
Capital expenditure and funds sources											
Cash flows											
Net cash from (used) operating	-	-	-	-		-	608,308,749		608,308,749	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-	-	-		-	(382,687,423)		(382,687,423)	DIV/0 %	DIV/0 %
Net cash from (used) financing	-	-	-	-		-	(42,039,792)		(42,039,792)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	**-**	**-**	**-**	**-**		**-**	**183,581,534**		**183,581,534**	**DIV/0 %**	**DIV/0 %**
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	718,068,292		718,068,292	DIV/0 %	DIV/0 %
Cash and cash equivalents at year end	**-**	**-**	**-**	**-**		**-**	**901,649,826**		**(901,649,826)**	**DIV/0 %**	**DIV/0 %**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2013				
Financial Performance				
Property rates				625,459,450
Service charges				1,968,855,064
Investment received				116,334,858
Transfers recognised - operational				395,621,840
Other own revenue				90,611,939
Total revenue (excluding capital transfers and contributions)				**3,196,883,151**
Employee costs	-	-	-	(684,336,568)
Remuneration of councillors	-	-	-	(33,421,534)
Debt impairment	-	-	-	(217,793,936)
Depreciation and asset impairment	-	-	-	(237,152,630)
Finance charges	-	-	-	(70,966,061)
Materials and bulk purchases	-	-	-	(1,373,240,526)
Transfers and grants	-	-	-	(4,163,848)
Other expenditure	-	-	-	(658,424,888)
Total expenditure	**-**	**-**	**-**	**(3,279,499,991)**
Surplus/(Deficit)				**(82,616,840)**
Transfers recognised - capital				170,847,866
Surplus (Deficit) after capital transfers and contributions				**88,231,026**
Surplus/(Deficit) for the year				**88,231,026**
Capital expenditure and funds sources				

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Cash flows				
Net cash from (used) operating				499,367,297
Net cash from (used) investing				(375,050,250)
Net cash from (used) financing				(27,864,075)
Net increase/(decrease) in cash and cash equivalents				**96,452,972**
Cash and cash equivalents at the beginning of the year				621,615,314
Cash and cash equivalents at year end				**718,068,286**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).The reporting framework is as prescribed by the Accounting Standards Board in Directive 5.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous years financial statements, unless explicity stated.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the statement of financial position date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and non cash generating assets have been determined based on the higher of fair value less cost to sell and value in use. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected together with economic factors.

Useful lives of property plant and equipment

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, to meet service delivery objectives, for administrative purposes, and are expected to be used during more than one period.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

1.3 Property, plant and equipment (continued)

Property, plant and equipment is carried at depreciated replacement cost, being the cost at the date of assessment less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Assessments are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using cost at the reporting period.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Infinite
Infrastructure	
• Roads and motorways	5 - 100 years
• System security	5 - 10 years
• Storm water drainage	25 - 120 years
• Airport infrastructure	20 years
• Solid waste	5 - 50 years
• Water and sanitation	10 - 100 years
• Major substations:buildings	5 - 50 years
• Transformers and related equipment	50 years
• Mains	45 years
• Street lighting	50 years
Community	
• Buildings	5 - 50 years
• Recreational facilities	5 - 50 years
Other property, plant and equipment	
• Buildings	5 - 50 years
• Fresh produce and other markets	5 - 50 years
• Fire engines	20 years
• Landfill site	5 - 50 years
• Transport facilities	5 - 50 years
• Fencing	10 years
• Heavy and moblie plant	10 - 15 years
• Furniture and fittings	7 - 10 years
• Vehicles	5 - 7 years
• Bins and containers	5 - 10 years
• Plant and equipment	5 - 15 years
• Office equipment	3 - 5 years

The useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Capital commitments

A capital commitment is a binding agreement to undertake capital expenditure at some set time in the future which has not yet become an actual liability.

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Item	Average useful life
• Property - land	Infinite
• Property - buildings	5 - 50 years

1.6 Intangible assets

A intangible asset is an identifiable non-monetary asset without physical substance..

Intangible assets are initially recognised at cost and comprises of software and servitudes.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 - 5 years
Servitudes	Infinite

1.6 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.7 Biological assets

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of agriculture produce is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

A heritage asset qualifies for recognition as an asset as it is measured at its cost and any cost directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in this manner intended by the Municipality.

Where a heriiage asset is acquired through a non exchange transaction, its deemed cost is to measured at its fair values as at the date of acquistion. If at intial recognation the municipality cannot reliably measure its cost, the relevant and useful information about the hertiage asset is disclosed in the notes to the annual financial statments.

Transitional provision

According to the transitional provision, the municipality is not required to measure heritage assets for reporting periods beginning on the 1 July 2012 within three years following the date of initial adoption of the Standard of GRAP on Heritage assets. Heritage assets have accordingly been recognised at provisional amounts, as disclosed in . The transitional provision expires on 30 June 2015.

In accordance with the transitional provision as per Directive 2 of the GRAP Reporting Framework, where heritage assets were acquired through a transfer of functions, the municipality is not required to measure that heritage assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires and heritage assets are recognised and measured in accordance with the requirements of the Standard of GRAP on Heritage assets, the municipality need not comply with the Standards of GRAP on (to the extent that these Standards prescribe requirements for heritage assets):

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Heritage assets implies that any associated presentation and disclosure requirements need not be complied with for heritage assets not measured in accordance with the requirements of the Standard of GRAP on Heritage assets.

1.9 Inventories

Inventories are initially measured at cost except where the inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Accounting Policies

1.9 Inventories (continued)

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the inventories incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the inventory.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories , arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The inventory of the municipality encompass land held for resale. The land held for resale is measured at the lower of cost and current replacement cost where they held for distribution at no charge.

1.10 Capital under contruction

Incomplete contruction work is recognised as capital under construction and measured at cost. Depreciation only commences when the asset is commissioned into use.

1.11 Impairment of cash-generating assets

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets.

The municipality assesses at each reporting date, or more frequently where events or changes in circumstances indicate that an asset may be impaired. When such an indication exists, the municipality determines the recoverable amount of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return.

Impairment loss of a cash-generating unit is allocated to decrease the carrying amount of the assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. After allocating the impairment loss, the carrying amount should be the highest of, its fair value less cost to sell; or value in use; or zero.

Reversal of an impairment loss for a group of assets / cash-generating unit should be allocated to the cash-generating assets of the unit, pro rata with the carrying amount of those assets.

If the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

Accounting Policies

1.12 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.13 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Financial instruments are initially recognised at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value .

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

1.14 Financial instruments (continued)

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus any transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the trade and other receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

Creditors

Trade payables are initially measured at fair value plus any transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

Loans and receivables

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in the Statement of Financial Performance for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Fixed and Negotiable Deposits

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality will hold to maturity.

Fixed and negotiable deposits are initially and subsequently measured at fair value which in the case of investments that have an original maturity date of less than 12 months equates the cost. Fixed and negotiable deposits held for greater than 12 months are fair valued annually and the difference recognised in the statement of financial performance.

On disposal of Fixed and negotiable deposits, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Where the effect is material, non-current provisions are discounted to their present value using a prevailing prime rate at year end which reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability, if any (for example in the case of obligations for the rehabilitation of land).The municipality uses the prevailing prime rate at year end.

Accounting Policies

1.15 Provisions and contingencies (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 57.

1.16 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as asset / liability.

This liability is not discounted.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rents are expensed in the period they are incurred.

1.17 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Post-employment benefits: defined contribution plans

The municipality provides retirement benefits for its employees and councillors. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The Natal Joint Provident , Dynamique Ambrella (Pietermaritzburg Provident Fund) and Umgeni Provident Fund are defined contribution plans. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Post-employment benefits: Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation

The Natal Joint Pension Fund, Government Employees Pension Fund, Association Institution Pension Fund, South African Local Authorities Pension Fund and the Councillors Pension Fund are defined benefit. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Pension obligations

The municipality employees contribute to 7 different Pension Funds, of which the Natal Joint Provident and Retirement Pension Fund cater for the majority of the staff.

The following are defined benefit funds:

*The Natal Joint Provident,
* Dynamique Ambrella (Pietermaritzburg Provident Fund) and
*Umgeni Provident Fund .

The following are defined contribution funds:

1.17 Employee benefits (continued)

*The Natal Joint Pension Fund,
*Government Employees Pension Fund,
*Association Institution Pension Fund,
*South African Local Authorities Pension Fund and
* Councillors Pension Fund

Actuarial valuations are conducted on an interim basis each year with a statutory valuation undertaken every three years. Consideration is given to any extent that could impact the Funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The Municipality has both defined benefit and defined contribution plans.

The liability/asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately against revenue.
Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to income in the year that they arise.

1.18 Correction of prior period errors

When accounting errors have been identified in the current year, the correction is applied retrospectively as far as it is practicable and the prior year comparatives are restated accordingly. When there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practicable and the prior year comparative is restated accordingly.

1.19 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.20 Use of Estimates

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Accounting Policies

1.21 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.22 Impairment of non-cash-generating assets

Non-cash generating assets are those assets held by the municipality without an intention of generating a commercial return and held primarily for service delivery purposes.The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets.

The municipality will apply its judgment and disclose the criteria used in making such judgment in cases where it's not clear whether the primary objective is to generate a commercial return.The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality determines the recoverable service amount of the asset. The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

An impairment loss is when the asset's carrying amount exceeds its recoverable service amount and is recognised in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

Intangible assets with indefinite useful lives and not yet available for use, are tested for impairment annually, irrespective of whether any indication of impairment exists.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Accounting Policies

1.22 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.22 Impairment of non-cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.23 Budget information

The budget has been included in the Annual Financial Statements in accordance with GRAP 24. The municipality presents a comparison of budget and actual amounts as a Statement of comparative and actual information.

1.24 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with all of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

1.25 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Accounting Policies

1.26 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed.The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property based on category of property and the property value.

Service charges from sewerage and sanitation are based on water consumption and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

All other revenue is recognised as it accrues.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Accounting Policies

1.27 Revenue from non-exchange transactions

Refers to transactions where the municipality received revenue from another entity without giving approximately equal value in exchange.Revenue from non exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount and the effective interest rate applicable.

Fines constitute both spot fines and summonses. Fines are recognised when the fines are issued.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Income received from conditional grants, donations and subsidies is recognised to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds are invested until utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

The municipality recogises the full amount of revenue of the fine issued at the transaction date when there is uncertainty about the municipality's ability to collect such revenue from the fine,based on past history, the muncipality has an obligation to collect all revenue due to it.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises an impairment loss where appropriate for example there the municipality may offer early settlement discounts or amnesty periods.

Where these reductions exist, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up the debtors.

1.28 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. Where unauthorised expenditure is not approved,upon the finalisation of an investigation, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

1.29 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.30 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 Grant in aid

The Msunduzi Municipality awards grants to individuals, institutions and organisations based on merit. When making these transfers the Municipality does not:
* receive any goods or services directly in return, as would be expected in a purchase or sale transaction
* expect to be repaid in future; or
* expect a financial return, as would be expected from an investment

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.32 Related parties

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions or is a member of the key management of the municipality or entity .

The NCT Tree Farming (Pty) Ltd manages timber plantations established on Council owned land on behalf of the Council by a management agreement. NCT is entitled to a 5% management fee based on net profit.

Safe City (Pty) Ltd is a municipal entity and has formed a partnership wih the business community to combact crime in the city. Council allocates a grant in aid to the entity.

1.33 Internal Reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment amounts are transferred from surplus or deficit for the year to the CRR in terms of of the implementation guidelines on GRAP. These transfers from the net surplus may only be made if they are backed by cash.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2007/2008.

Capitalisation reserve

On the implementation of GRAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, were transferred to a Capitalisation Reserve rather than the accumulated surplus/deficit, as in prior years, in terms of a directive (Circular No. 18) issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that the future depreciation charge that will be incurred over the useful lives of these items of property, plant and equipment is offset by transfers from this reserve to the accumulated surplus/deficit.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/deficit.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2007/2008.

Accounting Policies

1.33 Internal Reserves (continued)

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the government grants reserve equal to the government grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

No mention is made in GRAP 1 of any reserves and therefore the balance of this reserve was transferred to the accumulated surplus in 2007/2008.

Self insurance reserve

A self-insurance reserve was established and, subject to external insurance where deemed necessary, covers claims that might occur. Premiums are charged to the respective services taking into account claims history and the replacement value of the insured assets.

2. New standards and interpretations

2.1 Standards and interpretations issued and adopted

Entities are required to apply the standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following standards of GRAP:

Reference	Topic
GRAP 1	Presentation of Financial Statements (as revised in 2010)
GRAP 2	Cash Flow Statements (as revised in 2010)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2010)
GRAP 11	Construction Contracts (as revised in 2010)
GRAP 12	Inventories (as revised in 2010)
GRAP 13	Leases (as revised in 2010)
GRAP 14	Events After the Reporting Date (as revised in 2010)
GRAP 16	Investment Property (as revised in 2010)
GRAP 17	Property, Plant and Equipment (as revised in 2010)
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non- Cash-generated Assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generated Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets (replace GRAP 102)
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)
GRAP 103	Heritage Assets
GRAP 104	Financial instruments

IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets - Website Costs

2.2 Standards and interpretations issued , but not yet effective

Standards of GRAP approved but, for which the Minister of Finance has not yet determined an effective date.

Reference	Topic
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

Figures in Rand	2014	2013

3. Inventories

Land held for distribution and sale	693,428,000	693,428,000
Forestry	469,641	37,915,260
Consumable stores	46,306,382	21,370,813
Workshop stores	674,292	674,292
Fuel - diesel, and petrol	1,443,434	1,283,232
Water stock	5,988,575	5,004,945
	748,310,324	759,676,542
Impairment of inventories	(5,071,297)	(4,631,696)
	743,239,027	**755,044,846**
Carrying value of inventories carried at fair value less costs to sell	743,239,027	755,044,846
Cost of inventories recognised as an expense		
Consumable / workshop stores	65,485,517	30,175,594
Fuel - diesel and petrol	28,410,656	20,124,046
Forestry	10,666,737	9,536,663
Unused water	372,183,066	331,397,259

Inventory has been recorded using the First in First out (FIFO) method.

Impairment of inventory includes redundant and obsolete stock of 2014 (R 5 071 297) : 2013 (R 4 631 696) .

The take - on of land as inventory was done in accordance with Grap 12 (inventories). Land earmarked for low income housing was transferred / donated to the municipality by the Department of Human Settlements conditionally that it be used for the provision of low income housing only and eventually be transferred to the beneficiaries. The Msunduzi Municipality has been appointed as the implementing agent .

4. Trade receivables from non-exchange transactions

Other debtors	253,351,155	122,034,227
Land sale debtors	2,330,730	2,330,730
Rates	207,197,558	197,137,882
	462,879,443	**321,502,839**

Trade receivables from non-exchange transactions pledged as security

Trade and other receivables from non exchange transactions were not pledged as security for overdraft facilities.

Trade and other receivables includes prepayments to Independent Development Trust (IDT) of 2014 R 168.6 million : 2013 R 85.4 million . IDT have undertaken projects in respect of the infrastructure development and maintenance.

The Msunduzi Municipality has entered into a memorandum of agreement with the Independent Development Trust (IDT). They have been appointed as funding coordinators and as an implementing agent of the municipality's electricity supply and maintenance programme.

In terms of I GRAP 1(Applying the probability test on intial recognisation of exchange revenue) trade and other receivables had to be accounted for on an accrual basis.

Included in other debtors is a traffic fine debtor of 2014 R53.5 million : 2013 R 27.2 million .

Credit quality of trade receivables from non-exchange transactions

Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

The amount of the provision was 2014 (R 206 663 409): 2013 (R210 847 480) .

Figures in Rand	2014	2013

4. Trade receivables from non-exchange transactions (continued)

Gross balance		
Rates	413,860,967	407,985,362
Less: Allowance for impairment		
Rates	(206,663,409)	(210,847,480)
Net balance		
Rates	207,197,558	197,137,882
Rates		
Current (0 -30 days)	63,229,604	83,532,237
31 - 60 days	20,823,478	26,513,689
61 - 90 days	11,743,917	11,549,938
91 - 120 days	3,577,841	9,447,616
121 - 365 days	21,580,067	21,732,296
> 365 days	292,906,060	255,209,585
	413,860,967	**407,985,361**

5. Trade and other receivables from exchange transactions

Gross balances		
Electricity	466,797,091	404,807,810
Water	530,080,864	541,948,942
Sewerage	120,057,033	108,010,759
Refuse	66,937,552	61,351,500
Housing rental	28,042,180	27,431,397
Market	1,655,921	1,211,357
	1,213,570,641	**1,144,761,765**
Less: Allowance for impairment		
Electricity	(233,044,245)	(209,205,317)
Water	(264,620,076)	(280,080,071)
Sewerage	(59,904,790)	(55,820,131)
Refuse	(33,442,783)	(31,706,552)
Housing rental	(14,042,722)	(14,176,589)
	(605,054,616)	**(590,988,660)**
Net balance		
Electricity	233,752,846	195,602,493
Water	265,460,788	261,868,871
Sewerage	60,152,243	52,190,628
Refuse	33,494,769	29,644,948
Housing rental	13,999,458	13,254,808
Market	1,655,921	1,211,357
	608,516,025	**553,773,105**

Figures in Rand	2014	2013

5. Trade and other receivables from exchange transactions (continued)

Electricity		
Current (0 -30 days)	218,547,782	237,442,586
31 - 60 days	18,257,617	18,322,742
61 - 90 days	6,369,928	5,707,082
91 - 120 days	14,145,133	4,418,236
121 - 365 days	58,958,830	10,431,456
> 365 days	150,517,801	128,485,708
	466,797,091	**404,807,810**
Water		
Current (0 -30 days)	80,285,251	81,583,481
31 - 60 days	38,681,797	41,234,150
61 - 90 days	17,589,781	15,446,056
91 - 120 days	6,240,597	12,850,741
121 - 365 days	41,850,762	38,727,512
> 365 days	345,432,675	352,107,001
	530,080,863	**541,948,941**
Sewerage		
Current (0 -30 days)	18,492,025	18,439,302
31 - 60 days	7,090,516	7,363,283
61 - 90 days	3,344,398	3,291,697
91 - 120 days	1,421,793	2,811,977
121 - 365 days	8,051,069	6,351,049
> 365 days	81,657,233	69,753,450
	120,057,034	**108,010,758**
Refuse		
Current (0 -30 days)	8,943,595	11,121,982
31 - 60 days	3,716,143	3,826,598
61 - 90 days	1,759,664	1,715,690
91 - 120 days	520,640	1,438,955
121 - 365 days	4,386,322	3,364,860
> 365 days	47,611,188	39,883,415
	66,937,552	**61,351,500**
Housing rental		
Current (0 -30 days)	1,046,229	1,054,040
31 - 60 days	933,873	951,389
61 - 90 days	466,741	462,835
91 - 120 days	460,158	429,260
121 - 365 days	907,607	923,054
> 365 days	24,227,571	23,610,818
	28,042,179	**27,431,396**
Market		
Current (0 -30 days)	1,655,921	1,211,357

Summary of debtors by customer classification

Figures in Rand	2014	2013

5. Trade and other receivables from exchange transactions (continued)

Consumers		
Current (0 -30 days)	125,159,210	153,339,083
31 - 60 days	68,540,173	41,462,942
61 - 90 days	32,735,817	31,805,182
91 - 120 days	12,087,936	28,699,419
121 - 365 days	119,557,699	24,553,088
> 365 days	734,708,954	735,399,462
	1,092,789,789	1,015,259,176
Less: Allowance for debt impairment	(710,884,562)	(708,611,065)
	381,905,227	**306,648,111**
Industrial/ commercial		
Current (0 -30 days)	160,349,094	183,874,569
31 - 60 days	13,588,076	7,239,405
61 - 90 days	5,373,597	6,145,861
91 - 120 days	12,425,933	4,766,975
121 - 365 days	9,664,862	3,057,759
> 365 days	111,506,239	95,093,410
	312,907,801	300,177,979
Less: Allowance for debt impairment	(100,833,463)	(93,225,075)
	212,074,338	**206,952,904**
National and provincial government		
Current (0 -30 days)	33,553,945	28,056,730
31 - 60 days	7,375,175	4,412,710
61 - 90 days	3,165,015	4,280,712
91 - 120 days	1,840,583	3,260,448
121 - 365 days	6,523,806	2,575,823
> 365 days	96,137,335	91,537,065
	148,595,859	**134,123,488**
Total		
Current (0 -30 days)	319,062,249	365,270,382
31 - 60 days	89,503,424	53,115,057
61 - 90 days	41,274,429	42,231,755
91 - 120 days	26,354,452	36,726,842
121 - 365 days	135,746,367	30,186,670
> 365 days	942,352,528	922,029,937
	1,554,293,449	**1,449,560,643**
Less: Provision for debt impairment		
121 - 365 days	-	(27,392,230)
> 365 days	(605,054,616)	(584,781,319)
	(605,054,616)	**(612,173,549)**
Reconciliation of allowance for impairment of trade and other receivables		
Balance at beginning of the year	(801,836,140)	(584,042,761)
Contributions to allowance	(112,625,662)	(217,793,936)
Debt impairment written off against allowance	102,743,777	557
	(811,718,025)	**(801,836,140)**

Consumer debtors pledged as security

Figures in Rand	2014	2013

5. Trade and other receivables from exchange transactions (continued)

Trade and other receivable from exchange transaction were not pledged as security for overdraft facilities .

Credit quality of trade and other receivables from exchange transactions

The credit quality of trade and other receivable from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

Trade and other receivables from exchange transactions impaired

The amount of the provision was 2014 (R 605 054 616) : 2013 (R612 173 549) .

Trade and receivables from exchange transactions includes revenue received of R 76 .5 million for the period 1st to the 3rd July 2014. This revenue has been included in the month of June 2014 due to the late closure of the ProMIS Income billing system.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	45,485	45,485
Bank balances	124,303,003	43,772,294
Short-term deposits - on call	507,301,338	674,250,513
Short term deposits - fixed	270,000,000	-
	901,649,826	**718,068,292**
Average rate of return	5.48	5.09

Cash and cash equivalents are classified as financial instruments under the loans and receivables category.

Due to the short term nature of these investments no amortisation was performed.

Fair value is taken at face value.

No cash and cash equivalents were pledged as security for any financial liabilties.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the Municipality did not apply any methods to evaluate the credit quality.

The municipality has the following bank accounts

Figures in Rand	2014	2013

6. Cash and cash equivalents (continued)

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
FNB - No: 5094187782(Primary)	62,999,836	48,759,355	51,515,428	62,305,372	22,913,333	35,649,737
FNB - No: 50940058750(Electronic transfers)	-	-	-	(47,459,963)	(41,721,246)	(25,635,251)
FNB - No: 5094187774 (Unpaid cheques)	-	(55,547)	(340,750)	-	(55,547)	(340,750)
FNB - No: 62058007264 (Slum clearance)	25,755,219	25,511,209	24,913,414	26,277,775	26,033,765	25,838,038
FNB - No: 62065528930 (Library extension)	57,750	1,077,916	1,290,083	50,732	1,078,538	1,279,481
FNB - No: 62045272143 (Trafficfines)	-	22,550	-	-	-	-
FNB - No: 50941840627(Market)	2,418,911	4,506,956	4,513,255	1,718,865	18,326	1,970,705
FNB - No: 62069378539 (Oribi airport)	1,495,038	1,099,021	344,645	1,495,038	1,099,021	(7,308,721)
FNB - No: 50930082248(Forestry)	30,417	59,776	502,047	30,417	59,776	502,047
FNB - No: 50941847029(Salaries main)	-	-	172,683	-	-	172,683
FNB - No: 62003432846(Salaries PACs no.1)	14,931	16,842	1,738	14,931	16,842	1,738
FNB - No: 62006041157 (PostOffice)	-	-	-	-	(10,693)	-
FNB - No: 62279194650(Forestry)	1,774,380	279,265	250,788	1,774,380	279,265	250,788
Total	**94,546,482**	**81,277,343**	**83,163,331**	**46,207,547**	**9,711,380**	**32,380,495**

7. Short term investment

Short term investments consists of:

COID short term investment invested at 6.01%	6,901,834	5,901,021

8. Property, plant and equipment

	2014			2013		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land and buildings	727,052,296	(178,036,127)	549,016,169	681,219,084	(153,016,065)	528,203,019
Infrastructure	6,121,431,165	(964,938,683)	5,156,492,482	5,896,697,263	(816,755,386)	5,079,941,877
Community	576,770,598	(211,505,843)	365,264,755	560,960,499	(181,461,859)	379,498,640
Other	456,019,567	(176,213,567)	279,806,000	452,725,353	(157,776,283)	294,949,070
Movables	336,099,031	(222,601,176)	113,497,855	306,006,052	(203,271,341)	102,734,711
Biological assets	995,964	-	995,964	648,261	-	648,261
Total	**8,218,368,621**	**(1,753,295,396)**	**6,465,073,225**	**7,898,256,512**	**(1,512,280,934)**	**6,385,975,578**

Reconciliation of property, plant and equipment - 2014

	Opening balance	**Additions**	**Adjustments-cost**	**Disposals and impairment write off**	**Capital under construction**	**Depreciation disposal previous year**	**Depreciation adjustments**	**Impairments**	**Depreciation**	**Total**
Land and buildings	528,203,019	41,735,310	(24,000)	-	4,121,902	-	-	-	(25,020,062)	549,016,169
Infrastructure	5,079,941,877	90,829,407	-	(6,028,880)	140,155,827	590,250	-	(222,450)	(148,773,549)	5,156,492,482
Community	379,498,640	828,608	244,855	-	14,736,635	-	-	-	(30,043,983)	365,264,755
Other	294,949,070	12,573,202	(15,267,897)	-	5,988,909	7,042,854	-	-	(25,480,138)	279,806,000
Movables	102,734,711	37,920,355	46,755	(8,998,561)	1,124,432	7,330,811	189,818	-	(26,850,466)	113,497,855
Biological assets	648,261	347,703	-	-	-	-	-	-	-	995,964
	6,385,975,578	**184,234,585**	**(15,000,287)**	**(15,027,441)**	**166,127,705**	**14,963,915**	**189,818**	**(222,450)**	**(256,168,198)**	**6,465,073,225**

Reconciliation of property, plant and equipment - 2013

8. Property, plant and equipment (continued)

	Opening balance	Additions	Adjustments - cost	Disposals and impairment write off	Capital under construction	Depreciation disposal previous year	Depreciation and impairment useful life	Depreciation adjustments	Impairments	Total
Land and buildings	494,317,347	347,588	85,613,008	(3,488,000)	11,819,725	-	(25,591,142)	(34,815,507)	-	528,203,019
Infrastructure	5,008,884,310	60,314,738	92,915	(884,617)	156,158,324	643,110	(139,475,415)	238,321	(6,029,809)	5,079,941,877
Community	473,000,317	1,760,541	(117,147,649)	-	9,735,587	-	(30,536,321)	42,686,165	-	379,498,640
Other	325,289,402	7,642,835	(12,646,138)	(5,997,874)	2,798,255	2,169,384	(26,502,937)	2,196,143	-	294,949,070
Movables	115,628,755	11,042,914	(2,125,854)	(21,921,276)	6,876	16,670,352	(33,638,545)	17,138,134	(66,645)	102,734,711
Biological Assets	648,261	-	-	-	-	-	-	-	-	648,261
	6,417,768,392	**81,108,616**	**(46,213,718)**	**(32,291,767)**	**180,518,767**	**19,482,846**	**(255,744,360)**	**27,443,256**	**(6,096,454)**	**6,385,975,578**

Pledged as security

No property, plant and equipment was placed as security for financial liabilities.

Refer to Appendix B for detailed property plant and equipment schedule.

All assets that were fully depreciated in the asset register had their useful lives reviewed during the reporting period. This was processed prospectively in terms of GRAP 3 treated as a change in accounting estimate.

During the financial year the useful life of property plant and equipment with zero values and assets that have been impaired have been reviewed , this is disclosed in the reconciliation above as depreciation adjustments and impairment.

Adjustments on cost in the reconcilation above are attributable to -

* reclassification of assets as per the different categories of property, plant and equipment.
* change in market value of investment property .
* reclassification of investment to property to property , plant and equipment
* reclassification change of property to property , plant and equipment.

Figures in Rand	2014	2013

9. Intangible assets

	2014			2013		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	22,070,221	(20,776,524)	1,293,697	21,333,136	(20,237,988)	1,095,148
Servitudes	803,846	-	803,846	803,846	-	803,846
Total	**22,874,067**	**(20,776,524)**	**2,097,543**	**22,136,982**	**(20,237,988)**	**1,898,994**

Reconciliation of intangible assets - 2014

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	1,095,148	737,085	(538,536)	1,293,697
Servitudes	803,846	-	-	803,846
	1,898,994	**737,085**	**(538,536)**	**2,097,543**

Reconciliation of intangible assets - 2013

	Opening balance	**Additions**	**Amortisation**	**Adjustments - amortisation**	**Total**
Computer software, other	2,654,716	56,793	(1,663,602)	47,241	1,095,148
Servitudes	803,846	-	-	-	803,846
	3,458,562	**56,793**	**(1,663,602)**	**47,241**	**1,898,994**

10. Investment property

	2014			2013		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	356,913,816	-	356,913,816	320,520,236	-	320,520,236

Reconciliation of investment property - 2014

	Opening balance	**Additions**	**Adjustment - cost**	**Total**
Investment property	320,520,236	12,203,000	24,190,580	356,913,816

Reconciliation of investment property - 2013

	Opening balance	**Adjustment - cost**	**Disposals**	**Impairments**	**Total**
Investment property	325,807,355	4,939,548	(8,274,977)	(1,951,690)	320,520,236

10. Investment property (continued)

Adjustments on cost in the reconcilation above are attributable to -

* change in market value of investment property .
* reclassification of investment to property to property , plant and equipment

Pledged as security

Carrying value of assets pledged as security:

No investment property has been pledged as security for any financial liabilities

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

Investment property has been accounted for in terms of GRAP 16 and comprises of both land and buildings owned by the Msunduzi Municipality. Investment property will not be depreciated but will be annually valued on balance sheet date to determine their fair value as prescribed in GRAP 16.

Mills Fitchet has been awarded the tender for the valuation and identification of all investment property of the Msunduzi Municipality.The deliverables of the project included:

• A comprehensive deed search
• Providing separate land and building values
• Identifying Investment property
• Providing a data fact sheet for each property identified with information on the street address, SG 21 digit key (Erf, stand, portion), property description, GIS information and a photograph of the property.

The method applied in updating the investment property data in the asset register was:
• Vacant land was reviewed to determine future use and if no future use could be determined then it was classified as investment property.
• Properties with valid rental and lease agreements were deemed to be investment properties.
• All buildings have been identified and classified as investment property

11. Heritage assets

	2014			2013		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	177,572,480	-	177,572,480	176,969,036	-	176,969,036

Reconciliation of heritage assets 2014

	Opening balance	**Additions**	**Capital under construction**	**Total**
Art collections, antiquities and exhibits	176,969,036	103,444	500,000	177,572,480

Reconciliation of heritage assets 2013

	Opening balance	**Additions**	**Reclassifications**	**Total**
Art collections, antiquities and exhibits	-	140,191,240	36,777,796	176,969,036

Figures in Rand	2014	2013

11. Heritage assets (continued)

Transitional provisions

The Msunduzi Municipality has taken advantage of the transitional provision as issued by the Accounting Standards Board as per directive 7.As at 30 June 13 hertiage assets have been initially measured at provisional amounts. Full compliance with GRAP 103 will be in June 2015. Only then will the municipality comply with GRAP 3 in terms of the retrospective application of the restating the cost of hertiage assets as far as June 2011.

List of heritage assets where the values can not be determined :

1.Legal Deposit collection at the Bessie Head Library

In 1916, the Natal Society Library (now the Msunduzi Municipal Library – Bessie Head Library) was identified as one of 5 libraries in South Africa accorded Legal Deposit status. This privilege helped make it into one of South Africa's major research and information libraries. Legal Deposit Libraries play a unique and very important role as custodians, in perpetuity, of this country's cultural wealth and information. They also have to make this information available, as widely as possible, to the citizens of South Africa. The Legal Deposit Collection has become an important asset. Since 1916, the Msunduzi Municipal Library has amassed a huge collection of South African books, pamphlets, periodicals, maps and newspapers which it has to preserve for future generations.

2. Mahatma Gandhi Statue

The Statue was donated to the municipality in 1993 by the PMB Gandhi Memorial society in commemoration of the anniversary of Gandhi's eviction from a train at the Pietermaritzburg train station.

3. Highfield Road – (Site no. 166)
The land has been identified as a conservation site due to the endangered species of the Hilton Daisy, Gerbera aurantiaca. The Hilton daisy is a strikingly beautiful grassland plant that occurs around Pietermaritzburg in KwaZulu-Natal. The species is under considerable threat of extinction due to habitat fragmentation and degradation resulting from agriculture and urban sprawl.
4. City Hall Surrounding Garden and Memorial Plaque

This area has been identified as a heritage asset.

5. Tatham Art Gallery Gardens

This area has been identified as a heritage asset.

6. Alexandra Park

This area has been identified as a heritage asset.

7. Mayoral Chain

Stored in a secure safe at city hall

12. Biological assets

	2014			2013		
	Cost / Valuation	**Nett movement for the year**	**Carrying value**	**Cost / Valuation**	**Nett movement for the year**	**Carrying value**
Trees in a plantation forest	46,520,046	-	46,520,046	37,915,260	-	37,915,260

Figures in Rand	2014	2013

12. Biological assets (continued)

Reconciliation of biological assets - 2014

	Opening balance	Fairvalue adjustment	Total
Trees in a plantation forest	37,915,260	8,604,786	46,520,046

Reconciliation of biological assets - 2013

	Opening balance	Reclassification	Total
Trees in a plantation forest	-	37,915,260	37,915,260

The tree plantation was re-classified from inventory to biological assets in compliance with GRAP 27 (Agriculture assets) due to the biological transformation that comprises of the processes of growth, degeneration, production and procreation that cause qualitative or quantative changes in a biologiacal asset.

Biological assets are stated at fair value less costs to sell, based on the present value of the nett future cash flows from the asset discounted at a market determined pre-taxation rate.

13. Other financial assets

Designated at fair value		
Fixed deposits - long term medium term investment	46,081	46,081
At amortised cost		
Housing Refer to table below on disclosure relating to housing loans per scheme.	8,330,621	7,508,655
Educational facilities * The Maritzburg Golf Club was granted a loan on the 31st December 1970 of R 139 000 for the construction of a golf course and buildings for a period of 50 years at at rate of 0% with yearly repayments of R 2780.00 * Maritzburg Rugby Sub-Union was granted a loan on the 31st December 1968 of R 150 000 to undertake capital improvements at Woodburn Stadium for a period of 50 years at at rate of 7.5 % with yearly repayments of R 11 560.86. * Maritzburg Rugby Sub-Union was granted a loan on the 31st December 1992 of R 200 000 to undertake the provision of flood lighting at Woodburn Stadium for a period of 20 years at at rate of 19 % with yearly repayments of R 39 210.00.	288,898	294,591
Department of Human Settlements - low cost housing These projects relate to work that was completed and paid for by the municipality. Claims were prepared by the municipality's consultants/implementing agents to recover the funds from the Dept of Human Settlements. To date no funding has been received in respect for these low cost housing projects.	968,161	968,161
	9,587,680	**8,771,407**

Figures in Rand	2014	2013

13. Other financial assets (continued)

Schemes	Average loan period	Average interest rate	Average purchase price	Loan balance	Arrears
Woodlands 7	31	14	7,940	1,534,968	293,002
Woodlands 8	30	14	6,830	24,692	2,471
Woodlands 9	30	14	6,830	77,814	8,120
Northdale 9	30	13	28,966	681,772	87,836
Northdale 10	30	14	13,779	442,320	56,173
Northdale 11	11	11	13,120	57,900	3,683
Eastwood 1	29	14	12,802	858,738	113,592
Eastwood 2	30	14	10,594	843,715	181,441
Woodland 3	30	15	7,498	22,253	1,873
Northdale 1sub economic	30	14	16,487	47,454	9,014
Glenwood	31	14	29,163	1,572,526	154,639
Glenwood selfhelp	29	14	21,871	3,237,425	495,989
Riverbend 1	30	15	17,665	3,382	-
Northdale 12	30	15	31,485	222,804	8,808
	-	**-**	**-**	**9,627,763**	**1,416,641**

Total other financial assets	**9,633,761**	**8,817,488**
Non-current assets		
At amortised cost	9,587,680	8,771,407
Current assets		
Designated at fair value	46,081	46,081

14. Other financial liabilities

At amortised cost		
External loans	539,519,432	585,993,207

DBSA - funding required for capital expenditure.Loans bear an interest rate between 6.75% and 16.50%. Loans are repayable over a period between 12 to 30 years, repayments are made quarterly and bi-annually.

RMB - funding required for capital expenditure.Loans bear an interest rate between 11.38% and 14.18%. Loans are repayable over a period between 10 to 12 years, repayments were made monthly.

INCA - funding required for capital expenditure.Loans bear an interest rate between 11.38%. Loans are repayable over a period of 10 years, repayments were made bi-annually.

During the reporting period the municipality did not default on any of the interest or capital repayments of the external loan.

No terms and conditions of the finance leases were re-negotiated.

Refer to Appendix A for further details on long term liabilities

Non-current liabilities		
At amortised cost	496,828,777	540,418,309
Current liabilities		
At amortised cost	42,690,655	45,574,898

Figures in Rand	2014	2013

15. Finance lease obligation

Minimum lease payments due		
- within one year	410,046	1,248,051
- in second to fifth year inclusive	638,963	958,444
	1,049,009	2,206,495
less: future finance charges	(84,921)	(187,621)
Present value of minimum lease payments	**964,088**	**2,018,874**
Present value of minimum lease payments due		
- within one year	390,010	1,199,752
- in second to fifth year inclusive	574,078	819,122
	964,088	**2,018,874**
Non-current liabilities	569,098	907,103
Current liabilities	338,004	1,088,857
	907,102	**1,995,960**

The average lease term was 5 years and the average effective borrowing rate was 2014: 12% (2013: 12%).

The entity did not default on any of the interest or capital repayments of the finance leases.

No terms and conditions of the finance leases were re-negotiated.

Refer to Appendix A for further details on finance leases.

16. Trade payables from exchange transactions

Trade payables	57,388,596	59,898,280
Other payables	79,913,125	76,577,515
Other deposits	1,243,115	1,092,377
Accrued leave pay	56,798,441	53,654,465
Retentions	19,222,812	15,345,809
Other payables accrued	216,583,870	211,301,316
Debtors with credit balances	71,482,237	63,135,324
	502,632,196	**481,005,086**

17. VAT payable

VAT payable	74,874,638	70,538,636

VAT is payable on the receipt basis.

VAT is only declared to SARS on receipt of payment from consumers.

During the financial year all VAT returns were submitted to SARS on due date except for the September 2013 return which incurred interest of R 4421.90 and penalties of R 62 456.27 for late payment.

Figures in Rand	2014	2013

18. Consumer deposits

Refuse	8,172,827	2,152,949
Electricity	36,252,602	61,725,772
Water	36,120,185	11,645,499
Sewer	4,566,456	4,065,009
	85,112,070	**79,589,229**

Included in deposits is an accrual of interest at an effective interest of 4% per annum.

Balance on the interest reserve: R 19 458 111 as at 30 June 2014 and R 16 230 394 as at 30 June 2013

Guarantees in lieu of electricity and water deposits	11,832,400	9,382,200

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Electricity side demand management	2,019,541	5,000,000
Greater Edendale development initiative	3,354,146	4,527,589
Housing	37,200,815	36,956,805
Other grants from governmental department	38,590	516,891
Library	8,609,906	4,604,691
Municipal infrastructure grant	11,937,970	16,757,046
Municipal systems improvement grant	291,977	263
Neighbourhood development partnership grant	5,893,233	6,148,950
Public transportation infrastructure - COGTA and NT	95,646,428	79,785,779
Provision of sports facilities	19,075	762,803
Market	6,903,478	1,337,698
Massification	-	1,159,564
Electricity - COGTA	8,932,075	6,176,567
Msunduzi library	51,638	1,088,537
Q Dot Pharma - Ward 3,5 and 6	-	40,123
Spoornet	382,077	363,995
Tatham art gallery	106,912	308,523
Water conservation water demand management	-	1,344,880
COGTA - Urban renewal	-	2,191,282
Municipal water services infrastructure grant	10	-
Sanitation bucket eradication	3,535	-
Premier Office - Operation Dlulisumlando	1,500,000	-
Wadley stadium	121,000	-
Publicity house	1,417,166	-
Intergrated national electrification programme	106,884,506	1,388,205
	291,314,078	**170,460,191**

Movement during the year

Figures in Rand	2014	2013

19. Unspent conditional grants and receipts (continued)

Balance at the beginning of the year	170,460,191	149,447,649
Write back of trusts to accumulated surplus	-	(5,648,874)
Inter project transfers	-	(300,000)
Adjustments	-	(66,310)
Current year receipts and interest	479,734,027	259,617,183
Funds paid to National Treasury / grant provider	(37,665,000)	(6,113,000)
Funds still to be received from KZN provincial treasury for Nhlalakahle informal settlement electrification project	181,941	-
Funds still be received from Department of Human Settlements for Jika Joe informal settlement	12,197,883	-
Conditions met - transferred to revenue	(333,594,964)	(226,476,457)
	291,314,078	**170,460,191**

The extent of government grants recognised in the statement of financial performance relates to the portion of the grant where the conditions have been fulfilled.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised as a libility in the statement of financial position.

Refer to Appendix E for details of unspent conditional grants, receipts and transfers from national, provincial, government and other departments.

These amounts are invested in a ring-fenced investment until utilised.

National grants	259,872,240	144,267,082
Provincial grants	26,094,477	22,173,595
Other conditional grants	5,347,361	4,019,514
	291,314,078	**170,460,191**

Figures in Rand	2014	2013

20. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Contributions	Reversed during the year	Total
Performance bonus	682,489	792,315	(682,489)	792,315
Long service awards	3,714,230	2,370,174	-	6,084,404
Landfill rehabilitation	55,456,365	5,545,637	-	61,002,002
	59,853,084	**8,708,126**	**(682,489)**	**67,878,721**

Reconciliation of provisions - 2013

	Opening Balance	Contributions	Reversed during the year	Total
Performance bonus	311,926	682,489	(311,926)	682,489
Long service awards	-	3,714,230	-	3,714,230
Landfill site rehabilitation	22,398,604	33,057,761	-	55,456,365
	22,710,530	**37,454,480**	**(311,926)**	**59,853,084**

Non-current liabilities	61,002,002	55,456,365
Current liabilities	6,876,719	4,396,719
	67,878,721	**59,853,084**

The landfill site provision represents management's best estimate of the municipality's rehabilitation liability based on an valuation provided by an external consultant on the remaining useful life of the landfill site.

Envitech Solutions was appointed to provide the provision for the programme for closure of the New England Road landfill site.

Alien vegetation provision

According to the National Environmental Management Act, 1998 (Act No. 107 of 1998) the municipality was encouraged to recognise a provision in this regard.

The Department of Agriculture has since 2006 provided considerable support to the Msunduzi Municipality in terms of clearing listed alien invasive plants.

The Msunduzi Municipality's involvement and responsibility is effectively operational support to the Department of Agriculture terms of clearing listed alien invasive plants.

During the reporting period work was carried out in the following areas

* Albany Park (20 h)
* Cleland Road / Mkondeni spruit (+/- 10 h)
* Lincoln Meade / Dunsby Avenue stream (+/- 5 h)
* Bisley Nature Reserve (+/- 5 h).

Performance bonus

The performance bonus provision is based on the maximum expectation that all key management will perform in terms of their agreements.

Long service awards

Figures in Rand	2014	2013

20. Provisions (continued)

The long service award provision is created to ensure adherence to SALGA collective agreement requirements.The estimate is based on the monthly salaries rate at 30 June 2014.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

21. Retirement benefit obligations

Defined contribution and benefit plan

The Council provides retirement benefits to its employees by contributing to a either a pension or provident fund.

Membership to either a pension or provident fund is compulsory for all permanent employees.

The majority of the members and the Council contributes to the Natal Joint Municipal Pension (NJMP) and Provident funds, employees contributing to South African Local Authorities Pension Fund (SALA), Associated Institution Pension Fund (AIPF), Pietermaritzburg Provident Fund and Government Employees Pension Fund (GEPF). Employees contributing to SALA, AIPF, Pietermaritzburg Provident Fund and GEPF make up the minority of members contribution to the pension funds.

The Msunduzi Municipality's liability in these funds can not be determined owing mainly to the assets not being allocated to each employer and one set of financial's being compiled for each fund and not for each contributing employer.

21. Retirement benefit obligations (continued)

The majority of personnel are members of the following pension funds:

1. Kwa-Zulu-Natal Joint Municipal Provident Fund.

An interim actuarial valuation was performed on 31 March 2013 by Arthur Els and Associates Consulting Actuaries

Results of the valuation

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R 16 287 188 required to be held in the Risk Reserve Account

The Fund is financially sound as at the valuation date.

Benefits of the fund:

* Pension age - 65 years
* Earliest retirement age - 58 years (55 years if more than 10 years continuous service)
* Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.
* Member's portion of full benefits - Initial transfer plus members contributions plus local authorities contributions for full benefits plus interim, special and final bonuses
* Benefit on retirement after earliest retirement age or pension age - Full benefit.
* Benefit on retirement because of ill health - Full benefit
* Benefit on death in service - Full benefit plus 0.7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years salary.

Contributions of the fund :

*** Members contributions**

Members may choose to contribute at a rate of 5%, 7% or 9.25% of their pensionable emoluments in terms of regulation 14(a)

*** Local Authorities Contributions**

Participating employers contribute at a rate of 1.95 times of the rate of members contribution in terms of regulation 17(1)(b)

Benchmark:

The benchmark asset allocation determined as being appropriate for the fund, which takes cognisance of membership and liability profile, is stated below :

Domestic Investments:	1,399,436,000
International Investments	356,769,000
Risk Reserve Acount	18,897,000
Membership	10,579

2. Natal Joint Municipal Pension Fund: (Superannuation) interim actuarial valuation

An interim actuarial valuation was performed on 31 March 2013 by Arthur Els and Associates Consulting Actuaries .

The market value of the Fund's assets was R 7,469,553,000 as at 31 March 201.3

The funding level in respect of contributory members has increased to 97.9%% from 96%.

The valuation disclosed a surplus of R577 million in respect of pensioners and a shortfall of R158.7 million in respect of members

Figures in Rand	2014	2013

21. Retirement benefit obligations (continued)

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the Fund to the detriment of other stakeholders.

The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase.

Thus, once the surcharge ceases, the underlying rate of contribution will not be sufficient to meet the cost of the benefits. It is necessary to set aside a reserve to hold assets equal to the expected shortfall. For this reason a "Contribution Reserve is held equal to the present value of the shortfall in terms of the Financial Services Board's Circular PF117 for the 5 years to 2015 when it is expected that the surcharge will cease.

Benefits of the fund:

* Members Contributions -9.25% of pensionable salaries.

* Pension age 65 years

* Final average salary - average annual pensionable salaries during the last year of service.

* Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.

* Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.

* Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age

* Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.

* Lump sum on retirement because of ill health (less than ten years continuous service) - the greater of the resignation benefit or twice the members contributions.

* Surviving Spouses pension on death in service - 1,2% of final average emoluments per year of continuous service that the member would have had at the pension age.

* Surviving Spouses pension on death of pensioner - 1,22% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.

* Lump sum on death in service - Annual pensionable emoluments.10.75% of final average salaries

* Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

Benchmark :

Investments	
Domestic	5,978,802,000
International	1,640,213
Membership	5,117

The employees of the Council as well as the Council as employer, contribute to municipal pension,retirement and various provident funds as listed below:		
Natal Joint Pension Fund	100,351,593	99,175,006
Natal Joint Provident Fund	35,861,101	29,930,067
Government Employees Pension Fund	4,268,195	4,369,928
Associated Institution Pension Fund	149,727	1,325,209

Figures in Rand	2014	2013
21. Retirement benefit obligations (continued)		
South Africa Local Authorities Pension Fund	637,677	703,947
Councillors Pension Fund	5,822,019	5,597,626
Dynamique Ambrella (Pietermaritzburg Provident Fund)	477,653	508,385
Umgeni Water Provident Fund	276,175	-
	147,844,140	**141,610,168**

Post retirement medical aid plans

The municipality operates on 6 accredited medical aid schemes, namely

1. Bonitas,
2. Discovery Health,
3. Hosmed,
4. Key-Health,
5. LA Health
6. SAMWU Med,

pensioners continue on the option they belonged to on the day of their retirement.

The last post-employment health care benefits actuarial valuation in terms of GRAP 25 was done by Arch Acturial Consulting for the period ending 30 June 2014. The valuation undertaken in accordance with the requirements of Professional Guidance Note (PPN) 301 of the Actuarial Society of South Africa.

According to the last valuation the accrued liability amounted to R 559.8 million as at 30 June 2014.

A reconciliation of Msunduzi's accrued liability for the year ending 30 June 2014 is set out below:

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	559,848,366	480,277,982

The fair value of plan assets includes:

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	480,277,982	359,810,000
Net expense recognised in the statement of financial performance	79,570,384	120,467,982
	559,848,366	**480,277,982**

Net expense recognised in the statement of financial performance

Current service cost	15,360,571	22,861,505
Interest cost	41,089,443	30,041,498
Actuarial (gains) losses	38,186,418	83,062,559
Expected return on plan assets	(15,066,048)	(15,497,580)
	79,570,384	**120,467,982**

Calculation of actuarial gains and losses

Actuarial (gains) losses – obligation	38,186,418	83,062,559

Figures in Rand	2014	2013

21. Retirement benefit obligations (continued)

Changes in the liability

Opening balance	480,277,982	285,724,124
Contributions by employer	79,570,384	194,553,858
	559,848,366	**480,277,982**

Key assumptions used

Assumptions used at the reporting date:

The projected unit credit method is used as the standard valuation methodology for the valuation done during the reporting period.

Discount rates used	9.17 %	8.69 %
Health care inflation rate	8.31 %	7.56 %
Expected increase in salaries	6.81 %	7.00 %

Key demographic assumptions

Post retirement mortalityduring employment valued at PA (90)-3.

Sensitivity analysis

Base	559,848,000	480,278,000
-1%	248,825,292	418,281,000
+1%	649,908,000	552,477,000

The employees of the Council as well as the Council as employer, contribute to municipal medical aids as listed below:		
LA Health	30,227,413	24,265,465
Key Health	29,467,747	29,312,488
Samwumed	2,779,678	2,457,527
Discovery	121,668	103,562
Bonitas	15,633,562	13,483,314
Hosmed	527,037	766,356
	78,757,105	**70,388,712**

22. Housing development fund

Unappropriate surplus	17,286,094	15,646,075
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892
	51,542,986	**49,902,967**

The housing development fund is represented by the following assets and liabilities

Property, plant and equipment	(1,620,309)	(1,620,309)
Housing selling scheme loans	8,330,621	7,508,763
Trade and other receivables	28,042,180	26,466,781
Bank and cash	16,790,495	17,549,827
Assets	**51,542,987**	**49,905,062**
Trade and other payables	-	2,095

Figures in Rand	2014	2013
22. Housing development fund (continued)		
Total Housing Development Fund Assets and Liabilities	**51,542,986**	**49,902,967**
23. Accumulated surplus / deficit		
Accumulated surplus	7,013,722,245	6,705,990,376
Self insurance reserve	70,028,245	67,227,157
Government grant reserve	502,517,698	512,453,571
Capital replacement reserve	12,635,718	12,635,718
Capitalisation reserve	8,463,531	8,463,531
	7,607,367,437	**7,306,770,353**

No mention is made in GRAP 1(Presentation of financial statements) of the above reserves and therefore the balances of these reserves were transferred to the accumulated reserve in 2007 / 2008 during the GRAP conversion and implementation.

24. Revenue		
Service charges	2,080,094,327	1,968,855,064
Rental received	21,654,561	20,896,190
Licences and permits	81,377	59,002
Fees from agency services	669,291	732,726
Other revenue	115,681,196	60,552,735
Intvestment revenue	96,358,040	116,334,858
Property rates	602,953,620	585,863,903
Property rates - penalties imposed	22,673,588	39,595,547
Government grants & subsidies	694,304,613	566,469,706
Fines	102,758,283	8,371,286
	3,737,228,896	**3,367,731,017**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	2,080,094,327	1,968,855,064
Rental received	21,654,561	20,896,190
Licences and permits	81,377	59,002
Fees from agency services	669,291	732,726
Other revenue	115,681,196	60,552,735
Investment revenue	96,358,040	116,334,858
	2,314,538,792	**2,167,430,575**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	602,953,620	585,863,903
Property rates - penalties imposed	22,673,588	39,595,547
Transfer revenue		
Government grants & subsidies	694,304,613	566,469,706
Fines	102,758,283	8,371,286
	1,422,690,104	**1,200,300,442**

Figures in Rand	2014	2013

25. Service charges

Sale of electricity	1,488,824,541	1,425,626,841
Sale of water	384,771,183	349,139,733
Sewerage and sanitation charges	126,733,725	120,089,290
Solid waste	79,764,878	73,999,200
	2,080,094,327	**1,968,855,064**

The above figure is net of revenue foregone.

26. Rental received

External rentals	19,723,506	19,065,806
Internal rentals	1,931,055	1,830,384
	21,654,561	**20,896,190**

27. Licences and permits

Dog licences	2,364	7,754
Trade licences	79,014	51,248
	81,378	**59,002**

28. Fees from agency services

Agency fee from Umgungundlovu District Municipality	267,996	267,996
Fire alarm monitoring	47,880	45,360
Emergency call out fee	353,415	419,370
	669,291	**732,726**

29. Other revenue

Airport	6,220,341	4,426,387
Burials and cremations	2,209,973	1,715,003
Buildings	1,611,158	1,657,842
Discount received	644,951	319,763
Market	20,675,511	17,502,924
Re-connections	8,908,749	5,945,833
Training levy recoveries	1,496,739	4,791,555
Sundry revenue	19,419,240	12,303,206
Accounting charges	2,677,716	506,950
Forestry	15,090,433	11,383,272
Fair value - agricultural assets	8,604,786	-
Fairvalue adjustment - investment property	28,121,599	-
	115,681,196	**60,552,735**

30. Interest received

Interest revenue		
Interest received on trade and other receivables	53,055,390	82,051,046
Interest received on external investments	43,302,650	34,283,812
	96,358,040	**116,334,858**

Figures in Rand	2014	2013

31. Property Rates

Rates received

Residential	281,313,283	270,583,910
Industrial / commercial	298,313,851	282,775,646
Agriculture	686,481	594,475
Public service infrastructure	159,755	308,657
Vacant land	24,220,475	31,192,970
Rural communal land	-	(244,486)
Less: Adjustment processed	(1,740,225)	652,731
	602,953,620	585,863,903
Property rates - penalties imposed	22,673,588	39,595,547
	625,627,208	**625,459,450**

Valuations

Residential	31,912,496,119	32,043,830,119
Industrial / commercial	15,262,477,000	14,610,475,000
Agriculture	236,797,000	222,397,000
Public service infrastructure	140,230,000	163,614,000
Vacant land	1,158,384,000	1,493,978,000
Municipal properties	837,123,000	505,937,000
Rural communal land	-	26,000,000
	49,547,507,119	**49,066,231,119**

General valuations on properties are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect o the 1 July 2009. Supplementary valuations are taking place on an annual basis to take into account buildings additions, changes, sub divisions and consolidations.

A new valuation roll will come into effect on 1 July 2014.

A general rate of 0.2130 cents in a rand for 2014 and 2013 : 0. 2002 cents in a rand is applied to property valuations to determine assessment rates.

The adjustments during the year are compiled of all interim assessments, corrections and amendments to the accounts. This includes any transfer of payments, penalty reversals and value changes. A list of adjustments is available on a monthly basis and form part of the scope by the Auditor General.

Figures in Rand	2014	2013

32. Government grants and subsidies

Operating grants		
Equitable share	354,313,000	338,903,000
Land use management grant and Airport	-	176,987
Wadley stadium - sports and recreation	179,000	-
Ashburton feasibility / SETA	371,035	819,196
Expanded public works programme	1,873,679	1,361,871
Finance management grant	1,550,000	1,996,692
Greater Edendale development initiative	4,633,041	4,403,215
Intergrated development plan	-	398,070
Library	14,200,728	3,255,134
Market	1,640	651,450
Municipal infrastructure grant and Sanitation bucket eradication and Water conservation water demand management	10,349,899	3,908,893
Municipal systems improvement grant	244,880	555,000
Public transportation infrastructure - COGTA and NT	35,773,917	36,700,000
Tatham Art Gallery	598,875	23,454
Municipal water infrastructure services grant	5,175,972	-
Urban renewal and trusts	-	1,378,628
Department of Water Affairs	131,999	-
Q Dot Pharma and Youth advisory centre	47,023	-
Housing	12,197,883	-
Water service delivery plan	82,742	-
Health ,library and housing accreditation subsidies	6,396,651	1,090,250
	448,121,964	395,621,840
Capital grants		
Neighbourhood development partnership grant	706,767	501,050
Municipal infrastructure grant	155,718,791	135,301,595
Airport	14,198,246	436,295
Alexandra park athletic track	2,384,479	1,377,671
Community communication initiative	9,300	40,079
Operation Dlulusumilando	500,000	-
Electricity	23,389,331	7,484,366
Expanded public works programme , trusts and Department of Water Affairs	165,000	538,520
Freedom square tourism hub and Publicity house renovations	1,133,140	10,534,526
Library	3,949,658	249,437
Market	2,204,674	5,668,532
Massification	1,159,564	840,436
Municipal system improvement grant	353,407	302,035
Public transportation infrastructure - COGTA and NT	17,695,383	4,566,790
Youth advisory centre	82,680	-
Tatham Art Gallery	106,854	-
Community development workers	-	7,096
Greater Edendale development initiative	19,160,074	-
Municipal water services infrastructure grant	1,074,018	-
Urban renewal	2,191,283	2,999,438
	246,182,649	170,847,866
	694,304,613	**566,469,706**

Government grants and subsidies

Included in above are the following grants and subsidies received:

Equitable share	354,313,000	338,903,000
Operating grants	87,412,313	55,628,591
Subsidies	6,396,651	1,090,250
Capital grants	246,182,649	170,847,865

Figures in Rand	2014	2013

32. Government grants and subsidies (continued)

	694,304,613	**566,469,706**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

Balance unspent at beginning of year	16,757,046	5,566,961
Current-year receipts	154,824,000	153,399,000
Conditions met - transferred to revenue	(159,643,076)	(139,055,368)
Grant paid back to National Treasury	-	(3,116,000)
Adjustment directly to grant	-	(37,547)
	11,937,970	**16,757,046**

Conditions still to be met - remain liabilities (see note 19).

To provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Airport

Current-year receipts	14,198,246	467,320
Conditions met - transferred to revenue	(14,198,246)	(467,320)
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

Electricity side demand management

Balance unspent at beginning of year	5,000,000	-
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	(2,980,459)	-
	2,019,541	**5,000,000**

Conditions still to be met - remain liabilities (see note 19).

To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Greater Edendale development initiative

Balance unspent at beginning of year	4,527,588	8,515,643
Current-year receipts including interest	25,091,469	306,040
Conditions met - transferred to revenue	(23,793,114)	(4,294,095)
Inter project transfer	(2,471,797)	-
	3,354,146	**4,527,588**

Conditions still to be met - remain liabilities (see note 19).

Housing

Balance unspent at beginning of year	36,956,804	36,359,009
Current-year receipts including interest	244,011	597,795
	37,200,815	**36,956,804**

Figures in Rand	2014	2013

32. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 19).

Finance management grant

Balance unspent at beginning of year	-	496,692
Current-year receipts	1,550,000	1,500,000
Conditions met - transferred to revenue	(1,550,000)	(1,996,692)
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

The purpose of this grant was to promote support reforms in financial management by building capacity in local government to implement the Local Government : Municipal Finance Management Act (MFMA).

Library

Balance unspent at beginning of year	4,604,692	665,704
Current-year receipts including interest	21,113,780	7,232,926
Conditions met - transferred to revenue	(17,108,565)	(3,293,938)
	8,609,907	**4,604,692**

Conditions still to be met - remain liabilities (see note 19).

Funds provided by the Prov Dept of Arts and Culture for Libraries. Provided to begin addressing the constitutional mandate whereby libraries are an exclusive provincial competency.

Freedom square tourism hub

Balance unspent at beginning of year	-	6,917,268
Current-year receipts	-	3,617,258
Conditions met - transferred to revenue	-	(10,534,526)
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

Municipal sytems improvement grant

Balance unspent at beginning of year	263	485,098
Current-year receipts	890,000	800,000
Conditions met - transferred to revenue	(598,286)	(857,035)
Grant paid to National Treasury	-	(427,800)
	291,977	**263**

Conditions still to be met - remain liabilities (see note 19).

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation.

Neighbourhood development partnership grant

Balance unspent at beginning of year	6,148,950	6,650,000
Current-year receipts including interest	6,600,000	-
Conditions met - transferred to revenue	(706,767)	(501,050)
Grant paid back to National Treasury	(6,148,950)	-
	5,893,233	**6,148,950**

Figures in Rand	2014	2013

32. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 19).

To support and facilitate the planning and development of neighbourhood development programmes and projects that provide catalytic infrastructure to leverage third party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods.

Public transportation infrastructure - COGTA and NT

Balance unspent at beginning of year	79,785,779	73,601,570
Current-year receipts	100,846,000	45,000,000
Conditions met - transferred to revenue	(53,469,301)	(36,700,000)
Adjustment to opening balance	-	433,209
Grant paid back to National Treasury	(31,516,050)	(2,549,000)
	95,646,428	**79,785,779**

Conditions still to be met - remain liabilities (see note 19).

To provide for accelerated planning, construction and improvement of public and non-motorised transport Infrastructure.

Provision of sports facilities

Balance unspent at beginning of year	762,803	535,291
Current-year receipts including interest	1,640,750	1,605,183
Conditions met - transferred to revenue	(2,384,479)	(1,377,671)
	19,074	**762,803**

Conditions still to be met - remain liabilities (see note 19).

Trusts

Balance unspent at beginning of year	-	6,052,205
Current-year receipts including interest	-	30,797
Conditions met - transferred to revenue	-	(434,128)
Write back	-	(5,648,874)
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

Water conservation water demand management

Balance unspent at beginning of year	1,344,880	-
Current-year receipts including interest	-	1,500,000
Conditions met - transferred to revenue	(1,344,880)	(155,120)
	-	**1,344,880**

Conditions still to be met - remain liabilities (see note 19).

Sundry

Balance unspent at beginning of year	516,892	1,414,736
Current-year receipts including interest	1,874,000	1,557,737
Conditions met - transferred to revenue	(2,352,301)	(2,126,818)
Transfer to grants	-	(300,000)
Adjustments directly to grant	-	(9,187)
Adjustment to opening balance	-	(19,576)

Figures in Rand	2014	2013

32. Government grants and subsidies (continued)

	38,591	**516,892**

Conditions still to be met - remain liabilities (see note 19).

Ashburton feasibilty

Balance unspent at beginning of year	-	500,000
Current-year receipts including interest	-	19,196
Conditions met - transferred to revenue	-	(519,196)
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

Tatham Art Gallery

Balance unspent at beginning of year	308,523	-
Current-year receipts including interest	504,119	331,977
Conditions met - transferred to revenue	(705,729)	(23,454)
	106,913	**308,523**

Conditions still to be met - remain liabilities (see note 19).

Funds provided by the Prov Dept of Arts and Culture for Tatham art gallery. Provide financial support to the municipality with a focus on the development and maintenance of museum care and preservation of our culture heritage.

SETA

Current-year receipts	371,035	300,000
Conditions met - transferred to revenue	(371,035)	(300,000)
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

This money is awarded for skills development. The purpose is to strengthen the municipality's capacity in relation to skills development for the purpose of training.

Other external grants - Library

Balance unspent at beginning of year	1,088,537	1,279,480
Current-year receipts including interest	4,922	19,690
Conditions met - transferred to revenue	(1,041,821)	(210,633)
	51,638	**1,088,537**

Conditions still to be met - remain liabilities (see note 19).

Funds were received from the Carnegie Co-operation of New York towards the creation of a model library for adult users in Pietermaritzburg.

Other external grants - Q Dot Pharma

Balance unspent at beginning of year	40,123	40,123
Conditions met - transferred to revenue	(40,123)	-
	-	**40,123**

Conditions still to be met - remain liabilities (see note 19).

Figures in Rand	2014	2013

32. Government grants and subsidies (continued)

Other external grants - Spoornet

Balance unspent at beginning of year	363,995	347,918
Current-year receipts including interest	18,081	16,077
	382,076	**363,995**

Conditions still to be met - remain liabilities (see note 19).

Other external grants - GIJIMA/DBSA - GEDI

Balance unspent at beginning of year	-	19,953
Current-year receipts including interest	-	109,367
Conditions met - transferred to revenue	-	(109,120)
Refund of grant	-	(20,200)
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

Market

Balance unspent at beginning of year	1,337,698	-
Current-year receipts	7,772,094	7,657,680
Conditions met - transferred to revenue	(2,206,314)	(6,319,982)
	6,903,478	**1,337,698**

Conditions still to be met - remain liabilities (see note 19).

Funds received from COGTA for the market. The purpose is for the renovations and improvement of the fresh produce market which entails short term repairs, maintenance and upgrade of existing facilities.

Electricity - INEP

Balance unspent at beginning of year	1,388,205	-
Current-year receipts	123,000,000	5,000,000
Conditions met - transferred to revenue	(17,503,698)	(3,611,795)
	106,884,507	**1,388,205**

Conditions still to be met - remain liabilities (see note 19).

To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

Electricity - COGTA

Balance unspent at beginning of year	6,176,567	-
Current-year receipts	5,478,740	10,049,137
Conditions met - transferred to revenue	(2,723,232)	(3,872,570)
	8,932,075	**6,176,567**

Conditions still to be met - remain liabilities (see note 19).

Massification - COGTA

Figures in Rand	2014	2013

32. Government grants and subsidies (continued)

Balance unspent at beginning of year	1,159,564	-
Current-year receipts including interest	-	2,000,000
Conditions met - transferred to revenue	(1,159,564)	(840,436)
	-	**1,159,564**

Conditions still to be met - remain liabilities (see note 19).

Funds received from COGTA. To be used towards the efforts to reduce the currently unacceptably high volumes of NRW.

Urban renewal - COGTA

Balance unspent at beginning of year	2,191,282	-
Current-year receipts including interest	-	6,500,000
Conditions met - transferred to revenue	(2,191,282)	(4,308,718)
	-	**2,191,282**

Conditions still to be met - remain liabilities (see note 19).

New England Road

Balance unspent at beginning of year	-	(433,209)
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	-	(4,566,791)
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

Publicity house - COGTA

Current-year receipts including interest	78,510	-
Conditions met - transferred to revenue	(1,133,140)	-
Inter project transfer	2,471,797	-
	1,417,167	**-**

Conditions still to be met - remain liabilities (see note 19).

Funds received from COGTA. To be used for the upgrade in the publicity house due to the building being structurally deteriorating and is giving a negative image towards the PURP initiative and the Freedom square tourism hub project.

Wadley Stadium

Current-year receipts including interest	300,000	-
Conditions met - transferred to revenue	(179,000)	-
	121,000	**-**

Conditions still to be met - remain liabilities (see note 19).

Sanitation bucket eradication

Current-year receipts including interest	5,084,270	-
Conditions met - transferred to revenue	(5,080,735)	-
	3,535	**-**

Conditions still to be met - remain liabilities (see note 19).

Figures in Rand	2014	2013

32. Government grants and subsidies (continued)

Municipal water services infrastructure grant

Current-year receipts	6,250,000	-
Conditions met - transferred to revenue	(6,249,990)	-
	10	**-**

Conditions still to be met - remain liabilities (see note 19).

To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service.

Premier Office - Operation Dlulisumlando

Current-year receipts including interest	2,000,000	-
Conditions met - transferred to revenue	(500,000)	-
	1,500,000	**-**

Conditions still to be met - remain liabilities (see note 19).

Funds provided by the office of the Premier. The purpose is in support of both the establishment and implementation of the Dlulisumlando Project, a national historical development initiative and imperative. The Project portrays a particular aspect of the historical struggle of the country [pays tribute to fallen hero] and culminates in the establishment of a Historical complex.

KZN Provincial Treasury - Nhlalakahle informal settlement electrification

Conditions met - transferred to revenue	(181,942)	-
Funds still to be received	181,942	-
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

Housing - Jika joe informal settlement

Conditions met - transferred to revenue	(12,197,883)	-
Funds still to received	12,197,883	-
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

Refer to Appendix E1and E2 for detailed breakdown on transfers to revenue and conditions met on grant and subsidies.

33. Fines

Camera fines	94,168,886	6,259,039
Traffic fines	8,563,480	2,094,434
Health contravention fines	25,916	17,813
	102,758,282	**8,371,286**

Figures in Rand	2014	2013

34. Employee related costs

Salaries and wages	496,690,332	464,624,205
Contributions for pensions and medical aid	143,280,320	133,641,222
Contributions for UIF,WCA and SALBC levy	9,379,165	8,103,815
Travel, motor car, accommodation, subsistence and other allowances	36,189,433	32,276,629
Overtime payments	30,262,675	25,655,745
Long-service awards	22,762,989	16,815,648
Housing benefits and allowances	2,972,302	3,219,304
	741,537,216	**684,336,568**

Remuneration of municipal manager

Annual remuneration	1,090,190	1,053,529
Car allowance	211,547	180,919
Bonus	180,000	-
Contributions to UIF, medical and pension funds	143,510	113,559
Cell phone	-	18,000
Travel claim	38,126	-
	1,663,373	**1,366,007**

Remuneration of chief finance officer

Annual remuneration	833,886	836,733
Car allowance	137,250	128,122
Bonus	50,000	-
Contributions to UIF, medical and pension funds	83,553	78,656
Acting allowance	12,450	-
Cellphone allowance	-	14,400
	1,117,139	**1,057,911**

Remuneration of deputy municipal manager community services

Annual remuneration	460,953	1,004,562
Car allowance	56,000	-
Contributions to UIF, Medical and Pension Funds	63,961	-
Housing subsidy	37,100	-
Cellphone allowance	-	14,267
Backpay	-	37,493
	618,014	**1,056,322**

The deputy municipal manager community services was appointed on the 1 December 2013.

Remuneration of executive manager internal audit

Annual remuneration	605,936	565,732
Car allowance	153,262	127,718
Travel claim	2,416	-
Contributions to UIF, Medical and Pension Funds	148,457	136,780
Cellphone allowance	-	9,000
Bonus	50,495	-
	960,566	**839,230**

Remuneration of deputy municipal manager corporate services

Annual remuneration	556,579	260,227

Figures in Rand	2014	2013
34. Employee related costs (continued)		
Contributions to UIF, Medical and Pension Funds	96,436	-
Acting allowance	21,876	54,526
Leave pay - termination	-	30,131
Cell phone allowance	-	4,800
	674,891	**349,684**

An acting allowance was paid to the process manager for the period July to September 2013.

The deputy municipal manager corporate services was appointed on the 1 December 2013.

Remuneration of deputy municipal manager infrastructure services

Annual remuneration	600,163	728,939
Car allowance	124,983	156,001
Contributions to UIF, medical and pension funds	110,548	155,122
Car phone allowance	-	14,400
Travel claim	18,510	975
Acting allowance	14,902	-
	869,106	**1,055,437**

Remuneration of deputy municipal manager development services

Annual remuneration	893,320	426,381
Car allowance	14,400	53,411
Contributions to UIF, Medical and Pension Funds	88,883	20,381
Cellphone allowance	-	6,000
	996,603	**506,173**

The deputy municipal manager development services was appointed on the 1 December 2013.

35. Remuneration of councillors

Mayor	1,000,917	980,192
Deputy Mayor	800,308	804,944
Speaker	879,851	837,022
Councillors	22,626,530	23,480,334
Executive committee members	7,051,006	4,398,525
Councillors pension and medical aid contribution	4,741,029	2,920,517
	37,099,641	**33,421,534**

	Executive committee	Councillors
Council members	10	63
Remuneration per month	71,837	34,451
	-	**-**

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor and deputy mayor have and security and an offical driver at a cost to Council.

Figures in Rand	2014	2013

36. Conditional gant expenditure

Airport	-	31,025
Finance management grant	1,550,000	1,996,692
Greater edendale development initiative	4,633,041	4,403,215
Housing	12,197,883	-
Expanded public works programme	1,873,679	1,361,871
Library	14,200,728	3,255,134
Municipal infrastructure grant	3,924,285	3,753,773
Municipal systems improvement grant	244,880	555,000
Municipal water infrastructure services grant	5,175,972	-
Public transportation infrastructure	35,773,917	36,700,000
SETA	371,035	300,000
Ashburton feasibility	-	519,196
Department of Water Affairs	131,999	-
Intergrated development plan	-	398,070
Land use management grant	-	145,962
Urban Renewal - COGTA	-	1,309,281
Youth Advisory Centre	6,900	-
Sanitation Bucket Eradication	5,080,735	-
Wadley Stadium - Sports and Recreation	179,000	-
Q Dot Pharma	40,123	-
COGTA - Water service delivery plan	82,742	-
Market - COGTA	1,640	651,450
Water conservation water demand management	1,344,880	155,120
Trusts	-	69,348
Tatham Art Gallery	598,874	23,454
	87,412,313	**55,628,591**

37. Depreciation and amortisation

Property, plant and equipment	256,168,198	255,744,359
Intangible assets	538,536	1,663,602
Change in accounting estimate	(7,232,876)	(28,396,843)
	249,473,858	**229,011,118**

Change in accounting estimate relates to review of useful life for fully depreciated assets as per GRAP 17 and the reclassification of property, plant and equipment to investment property. The effect of this estimate is a decrease on the depreciation of R 7 232 876.

Figures in Rand	2014	2013
38. Impairment of assets		
Impairments		
Property, plant and equipment The procedure used to determine if the asset was impaired was to physically inspect the asset and determine if the asset was impaired and what factors contributed to the impairment and then comparing the condition, age and cost of the asset to the current records in the asset register and if there was a change this was then adjusted accordingly No impairments have been reported on cash generating assets because all assets acquired and which management has confirmed are primarily acquired for service delivery	222,450	6,096,453
Inventory loss Due to technological changes the inventory has become redundant.	439,602	93,369
Investment property Impairment of investment property was performed becasuse the municipality had identified old and dilapidated buildings which added no contributory value to the invstment property.	-	1,951,690
	662,052	**8,141,512**
39. Finance costs		
Loans	63,756,841	69,343,234
Other interest paid	3,280,326	1,232,898
Finance leases	136,977	389,929
	67,174,144	**70,966,061**
No external funding was raised for capital projects during the reporting period.		
40. Debt impairment		
Contributions to debt impairment provision	112,625,661	217,793,936
41. Collection costs		
Collection costs	15,372,628	4,615,653
42. Repairs and maintenance		
Buildings	4,413,287	4,303,909
Distribution plant hire	13,166,551	6,456,578
External services	17,054,325	11,852,538
Furniture and equipment	112,777	90,672
General	22,544,393	13,434,684
Grounds and fences	2,657,491	1,593,815
Infrastructure	2,553,731	2,471,176
Mains	8,238,711	5,758,451
Maintenance agreements	9,241,637	5,971,007
Plant and equipment	21,685,717	18,168,804
Robots	844,390	1,313,466
Stores and material	20,752,752	11,455,196
Trees	2,209,217	2,109,432
Vehicles	13,584,893	12,802,895
	139,059,872	**97,782,623**

Figures in Rand	2014	2013
43. Bulk purchases		
Electricity	1,081,219,121	1,039,360,585
Water	372,183,066	333,879,941
	1,453,402,187	**1,373,240,526**
44. Contracted Services		
Security	21,066,262	17,769,190
45. Grants and subsidies paid		
Other subsidies		
Community bodies	218,284	216,480
Safe city project	4,210,526	3,947,368
	4,428,810	**4,163,848**

Figures in Rand	2014	2013

46. General expenses

Airport	1,931,432	1,458,543
Advertising	1,390,174	1,434,267
Annual report	217,000	178,324
Audit fees	4,341,039	3,549,983
Bank charges	3,743,335	4,241,818
Bursaries	1,071,221	520,967
Subscriptions for cities network	1,000,000	321,538
Consultants fees	2,580,691	966,305
Conferences	467,563	109,201
Councillors development	488,798	565,790
Plant hire	3,662,888	51,680
Air pollution and montoring	283,905	318,609
Dog pound	706,302	-
Entertainment	270,632	212,090
Consolidated billing costs	2,812,894	2,467,441
Ward committee costs	6,769,801	3,934,069
Government training levy	6,208,148	5,581,371
Hire charges	16,161,714	11,656,359
Insurance	10,916,557	10,931,176
Internet costs	253,363	300,505
IDP expenses	4,144,017	212,241
Interview costs	49,848	-
Kwanalogo subscriptions	6,185,049	4,000,000
Land sale costs	657,194	-
Leadership	945,811	249,560
Long service awards	1,148,348	1,870,562
Promotions	8,629,112	1,969,102
Mayoral projects	5,169,168	3,498,365
Medical supplies	126,395	81,525
Motor vehicle licences	1,898,136	1,674,650
Occupational health and safety medicals	38,357	-
Personnel training	4,439,022	3,105,650
Petrol and lubricants	28,436,323	20,144,378
Plant and equipment	296,306	1,900
Pietermaritzburg tourism	1,479,197	1,500,000
Postage and stamps	3,053,563	2,979,603
Printing and stationery	5,229,580	4,449,800
Pensions payable	17,990,507	13,620,278
Projects	4,075,432	1,984,078
Small medium and micro enterprises	902,104	349,574
Software licences	3,121,399	3,163,204
Stores and materials	5,555,237	4,251,260
Subsistence and travelling allowances	875,251	641,822
Telephone	7,424,857	5,654,853
Water quality testing	353,344	320,347
Valuation roll	11,291,642	3,193,891
Uniforms	4,071,194	2,460,041
Change in accounting estimate	93,500,827	240,129,091
External services	30,494,468	24,586,175
Other expenses	48,442,195	49,112,606
Inter departmental charges	22,478,314	19,229,642
Impairment of fines	61,540,892	-
Fair value adjustment - investment property	3,884,268	4,512,480
Forestry	12,126,737	10,941,309
Rental / car hire	1,027,169	207,996
	466,358,720	**478,896,019**

Figures in Rand	2014	2013

47. Operating lease

Operating lease payments represents rentals payable to Xtec Pietermaritzburg Ltd for the rental of photocopy and fax machines and Merchant West for laptops ,desk tops, computer server and ICT network leased.

Included in the general expenses is an amount of R 6 833 976 relating to the rentals payable.

No contingent rent is payable

For futher disclosure on GRAP 13 (Leases) refer to note 55 relating to commitments.

48. Gains or losses on disposal of assets

Sales of assets	505,352	(5,549,908)
Land sales	(109,499)	9,151,934
	395,853	**3,602,026**

49. Gain or loss on donated asssets

Nett movement on donated assets	(102,597)	(1,341,657)

50. Loss on immovable assets

Loss of immovable assets	(5,438,627)	-

51. Loss on movable assets

Loss of movable assets	104,539	613,184

52. Cash generated from operations

Surplus	335,719,111	88,231,026
Adjustments for:		
Depreciation and amortisation	249,473,858	229,011,118
Gain or loss on sale of assets	293,256	1,777,973
Loss on non - current assets	5,543,166	1,954,841
Impairment	662,051	8,141,512
Movements in retirement benefit obligations	79,570,384	194,553,858
Movements in current provisions	2,480,000	4,084,793
Movement in non current provisions	5,545,637	33,057,761
Movement on housing development fund	1,640,019	(5,622,937)
Other non-cash items	(35,122,027)	156,336,482
Changes in working capital:		
Inventories	11,805,819	(2,866,425)
Trade and other receivables from exchange transactions	(141,376,604)	(162,771,910)
Trade and other receivables from non- exchange transactions	(54,742,920)	(125,443,371)
Trade payables from exchange transactions	21,627,110	40,031,130
VAT	4,336,002	17,878,905
Unspent conditional grants and receipts	120,853,887	21,012,541
	608,308,749	**499,367,297**

53. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA/Kwanaloga

Figures in Rand	2014	2013

53. Additional disclosure in terms of Municipal Finance Management Act (continued)

Current year subscription / fee	455,001	451,106
Amount paid - current year	(455,001)	(451,106)
	-	-

Audit fees

Opening balance	162,365	112,452
Audit fee invoiced	4,341,039	3,549,983
Amount paid - current year	(4,319,866)	(3,500,070)
	183,538	**162,365**

PAYE and UIF

Current year payroll deductions	95,039,832	86,882,061
Amount paid - current year	(95,039,832)	(86,882,061)
	-	-

Pension and medical aid deductions

Current year payroll deductions and Council contributions	226,601,244	210,808,991
Amount paid - current year	(226,601,244)	(210,808,991)
	-	-

VAT

VAT payable	74,874,638	70,538,636

Councillors' arrear consumer accounts

Normal credit control procedures have been applied to recovery the outstanding debt.
Councillors have made arrangements to re pay outstanding debt.

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:-

30 June 2014	**Outstanding less than 90 days R**	**Outstanding more than 90 days R**	**Total R**
TI Dlamini	-	10,897	10,897
TS Magwaza	-	6,913	6,913
VGM Mlete	-	24,775	24,775
P Sithole	-	2,091	2,091
DB Phungula	-	11,493	11,493
MB Zuma	-	580	580
SC Ndawonde	-	140,881	140,881
VT Magubane	-	3,627	3,627
T Ndlovu	-	3,368	3,368
	-	**204,625**	**204,625**

Figures in Rand	2014	2013

53. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2013	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
TI Dlamini	-	12,403	12,403
TRM Zungu	-	107	107
M Inderjit	-	2,121	2,121
MB Zuma	-	566	566
VGM Mlete	-	37,223	37,223
P Sithole	-	18,754	18,754
DB Phungula	-	27,712	27,712
WF Lambert	-	7,748	7,748
	-	**106,634**	**106,634**

54. Deviation from supply chain management regulations

Regulation 36 Deviations
Regulation 36 of the Municipal SCM Regulations of 2005 permits the Accounting Officer to "dispense with official procurement processes established by the policy and to procure any required goods or services through any convenient process". This would typically include urgent and emergency cases, single-source goods, and any other cases where it impractical to follow normal SCM process. In the event of such a decision, the Accounting Officer is required to report this to the next Council meeting for noting. The expenses incurred as listed below have been condoned.

Incidents		
Legal	578,713	-
Water quality testing	68,310	-
Advertisements	-	31,012
Health and safety	-	1,142,465
Other	1,973,443	585,601
Uniforms	330,000	-
Repairs to motor vehicles	3,186,697	3,933,387
Repairs and maintenance	442,286	1,556,955
Forensic	-	1,114,069
Library	5,881,430	1,812,057
Service delivery	7,449,974	2,002,689
Training	-	27,743
Computer expenditure	739,926	-
	20,650,779	**12,205,978**

55. Prepaid electricity

Commissions - are calculated on sales from prepaid electricity sales made by vendors on behalf of the Council.The commissions are included in the general expenses category of the statement of financial performance.

In the 2006/2007 financial year two vendors had defaulted in depositing amounts received from prepaid sales. As a result no commission was paid to them. The defaulting vendors are Sweet waters and Phayiphini who had ceased trading in January 2007 and October 2006 respectively.

The amounts of R55 723 and R75 896 respectively are deemed to be irrecoverable for the 2005/2006 financial year. Also the amounts of R13 980 and R15 671 being the movements for the 2006/2007 year are deemed irrecoverable .

This matter is being handled by the legal division in conjunction with the SAPS - Commercial branch unit and Venn Nemeth & Hart attorneys.

Figures in Rand	2014	2013

56. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Crematories	1,490,852	733,391
• Library	1,952,564	-
• Parks	759,327	6,136,022
• Sanitation	101,036,851	33,323,294
• Tatham Art Gallery	80,000	-
• Water	27,559,646	22,300,968
• Roads	12,007,797	36,953,418
• Electricity	-	85,283,395
	144,887,037	**184,730,488**

This committed expenditure relates to infrastructure assets and will be financed by available bank facilities.

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	5,644,444	945,999
- in second to fifth year inclusive	9,127,408	1,576,665
	14,771,852	**2,522,664**

Operating lease payments represents rentals payable to Xtec Pietermaritzburg Ltd for the rental of photocopy and fax machines and Merchant West for laptops , desk tops, computer server and ICT network leased.

No contingent rent is payable .

57. Contingencies

Refer to Appendix F for detailed listing of contingent liabilities	61,675,828	42,529,437

Figures in Rand	2014	2013

58. Related parties

The NCT tree farming (Pty) Ltd manages timber plantations established on Council owned land on behalf of the Council by a management agreement. NCT is entitled to a 5% management fee based on net profit.

Safe City has been formed as a partnership with the business community to combat crime in the city. Council allocates a grant in aid to the entity.

Related party transactions

NCT tree farming		
NCT - 5% of management fee	86,272	23,261
Safe City		
Grant paid to safe city	4,210,526	3,947,368

Awards to close family members of persons in the service of the state	**Contract value**	**Closing balance**
Enforce Security - the director of the company is married to Ms Dube MEC for COGTA	1,338,973	1,338,973

Key management information

Executive councillors	**Annual remuneration**	**Car allowance**	**Cell phone allowance and housing subsidy**	**Basic non retirement funding and back pay**	**Pension**	**Medical aid**
Mayor - CJ Ndlela	928,136	-	41,820	30,961	143,865	18,599
Deputy Mayor - TR Zuma	634,576	143,560	41,820	(19,648)	98,307	-
Member - NP Bhengu	540,580	210,293	59,114	20,028	-	32,023
Member - JM Lawerence - 1 month	326,578	4,519	20,868	10,836	50,612	-
Member - M Inderjit	484,135	210,293	59,114	17,415	75,233	15,847
Member M Chetty - 11 months	537,240	131,082	19,129	19,273	83,477	-
Member - WF Lambert	637,408	84,117	20,868	20,898	98,746	-
Member - NE Majola	635,249	54,676	20,868	21,712	98,544	30,990
Member - JJ Ngubo	561,657	134,587	59,114	19,506	87,174	-
Member - VT Xulu	798,933	-	21,076	41,162	-	15,533
Member - M Schalkwyk	510,385	213,880	21,076	24,967	80,303	25,985
Subtotal	6,594,877	1,187,007	384,867	207,110	816,261	138,977
	6,594,877	**1,187,007**	**384,867**	**207,110**	**816,261**	**138,977**

Councillors	**Annual remuneration**	**Car allowance**	**Cell phone allowance**	**Basic non retirement funding**	**Pension**	**Medical aid**
Speaker - B Baijoo	670,545	143,560	41,820	23,927	-	59,218

Figures in Rand					2014	2013
58. Related parties (continued)						
Whip - TV Magubane	623,901	84,117	20,868	20,899	96,720	15,533
NB Ahmed	266,402	58,882	20,868	9,210	41,342	16,709
R Ahmed	234,374	98,136	20,868	8,127	36,375	15,533
RP Ashe	247,881	98,136	20,868	8,127	38,401	-
N Atwaru	265,901	39,255	20,868	9,753	41,348	36,290
C Bradley	230,370	98,136	20,868	8,127	35,775	20,138
S D Buthelezi	234,374	98,136	20,868	8,127	36,375	15,533
TM Buthelezi	230,054	98,136	20,868	8,127	35,727	20,501
PN Dlamini	230,054	98,136	20,868	8,127	35,727	20,501
TI Dlamini	220,933	98,136	20,868	8,127	34,359	30,990
AB Dlomo	247,881	98,137	20,868	8,128	38,401	-
S Govender	285,063	98,136	20,868	9,347	-	-
SC Gwala	233,352	98,136	20,868	8,127	36,222	16,709
N F Gumede	279,630	39,255	20,868	9,753	43,407	20,501
SP Lyne	247,881	98,136	20,868	8,127	38,401	16,709
LL Madlala	233,352	98,136	20,868	8,127	36,222	-
S I Madonda	254,433	58,882	20,868	9,211	39,547	30,474
S T Majola	237,501	98,136	20,868	8,127	36,844	11,937
FM Makhathini	216,324	98,136	20,868	8,127	33,668	36,290
T Matiwane	330,508	-	20,868	10,837	51,202	-
M Maphumalo	285,063	98,136	20,868	9,347	-	-
AL Mbanjwa	222,808	98,136	20,868	8,127	34,640	28,833
GR McArthur	247,881	98,136	20,868	8,127	38,401	-
MB Mkhize	233,331	98,136	20,868	8,127	36,219	16,733
MA Mkhize	247,881	98,136	20,868	8,127	38,401	-
MH Mkhize	221,076	98,137	20,868	8,127	34,380	30,825
SA Mkhize	229,160	98,136	20,868	8,127	35,593	21,529
VGM Mlete	219,511	98,137	20,868	8,127	34,146	32,626
P N Msimang	297,234	58,882	20,868	10,593	-	25,837
SC Ndawonde	312,093	-	20,868	8,671	48,115	23,667
MD Ndlovu	247,881	98,136	20,868	8,127	38,401	-
NZ Ndlovu	231,591	98,136	20,868	8,127	35,958	18,733
TP Ndlovu	236,649	98,136	20,868	8,127	36,716	12,917
BB Ngcobo	245,929	78,509	20,868	8,669	38,190	21,249
JM Ngcobo	247,881	98,136	20,868	8,127	38,401	-
KM Ngcobo	233,209	98,136	20,868	7,739	36,142	17,320
LC Ngcobo	223,786	98,136	20,868	8,127	34,787	27,709
MA Ngcobo	317,001	-	20,868	10,837	49,176	15,533
TP Ngcobo	225,414	98,136	20,868	8,127	35,031	25,837
PG Ngidi	234,374	98,136	20,868	8,127	36,375	15,533
TD Ntombela	247,881	98,136	20,868	8,127	38,401	-
DB Phungula	211,844	98,136	20,868	8,127	32,996	41,442
DF Ryder	285,063	98,136	20,868	9,347	-	-
P Shozi	297,457	39,255	20,868	9,753	46,081	-
LN Sikhakhane	247,881	98,136	20,868	8,127	38,401	-
J Singh	236,649	98,136	20,868	8,127	36,716	12,917
RB Singh	330,508	-	20,868	10,837	51,202	-
P Sithole	236,649	98,136	20,868	-	36,716	12,917
BC Sokhela	277,985	37,292	20,868	9,807	43,169	24,293
MS Sokhela	236,649	98,136	20,868	8,127	36,716	12,917
R Soobiah	247,881	98,136	20,868	8,127	38,401	-
MA Tarr	610,849	210,293	20,868	20,028	-	-
LJ Winterbach	247,881	98,136	20,868	8,127	38,401	-
DP Zondi	247,881	98,136	20,868	8,127	38,401	-
BE Zuma	247,881	98,136	20,868	8,127	38,401	-
MB Zuma	236,649	98,136	20,868	8,127	36,716	12,917
NJ Zungu	330,508	-	20,868	10,837	51,202	-
TRM Zungu	236,649	98,136	20,868	8,127	36,716	12,917
PV Jaca	247,881	98,136	20,868	8,127	38,401	-

Figures in Rand					2014	2013

58. Related parties (continued)

FN Mbatha	282,298	41,217	20,868	9,699	43,799	15,533
TS Magwaza	227,689	98,136	20,868	7,892	35,337	23,492
Subtotal	16,753,080	5,305,522	1,314,768	563,947	2,221,308	887,792
	16,753,080	**5,305,522**	**1,314,768**	**563,947**	**2,221,308**	**887,792**

Remuneration of management	**Annual remuneration**	**Car allowance and travel claim**	**Bonus**	**Contributions to UIF,medical aid and pension funds**	**Acting allowance**	**Cell phone allowance and housing subsidy**
Municipal manager	1,090,190	249,673	180,000	143,510	-	-
Chief finance officer	833,886	137,250	50,000	83,553	12,450	-
Deputy municipal manager community services	460,953	56,000	-	63,961	-	37,100
Deputy municipal manager corporate services	556,579	96,436	-	-	21,876	-
Deputy municipal manager infrastructure services	600,163	143,493	-	-	14,902	-
Deputy municipal manager development services	893,320	14,400	-	88,883	-	-
Executive manager internal audit	605,936	155,678	50,495	148,457	-	-
Subtotal	5,041,027	852,930	280,495	528,364	49,228	37,100
	5,041,027	**852,930**	**280,495**	**528,364**	**49,228**	**37,100**

59. Events after the reporting date

No events to report on after the reporting date.

60. Changes in accounting policy

During 2013 , the municipality changed its accounting policy with respect to the recording of the tree plantation. It has been re-classified from inventory to biological assets in compliance with GRAP 27 (Agriculture assets) due to the biological transformation that comprises of the processes of growth, degeneration, production and procreation that cause qualitative or quantative changes in a biological asset. The municipality has now decided to disclose the tree stock under biological assets rather than inventory.

Statement of financial position

Figures in Rand	2014	2013

60. Changes in accounting policy (continued)

Biological assets		
Previously stated	-	-
Tree plantations incorrectly classified as inventory	-	37,915,260
	-	**37,915,260**
Accumulated surplus previously reported		
Previously stated	-	7,241,665,507
Tree plantations incorrectly classified as inventory	-	37,915,260
	-	**7,279,580,767**

61. Prior period errors

The comparative statements for 2012/2013 financial year have been restated to recognise the amendments relating to all of the errors below.

The effects of the changes are detailed below :

Effects of prior period error	-	70,484,846
Statement of financial position		
In terms of IGRAP 1 traffic fines must be accounted for on an accrual basis and not on a cash basis. Fines must be recognised when issued and not on the probablity of estimation of collection.	-	-
60.1 Trade and other receivables from non exchange transactions		
Balance previously reported	-	294,313,253
Recognisation of traffic fines issued - prior 12/13	-	27,189,586
Restated balance	-	321,502,839
60.2 Biological assets		
The tree plantation was re-classified from inventory to biological assets in compliance with GRAP 27 (Agriculture assets) due to the biological transformation that comprises of the processes of growth, degeneration, production and procreation that cause qualitative or quantative changes in a biological asset.		
Balance previously reported	-	-
Asset incorrectly identified as inventory - prior 12/13	-	37,915,260
Restated balance	-	37,915,260

Figures in Rand	2014	2013

61. Prior period errors (continued)

Statement of Financial Performance		
Land held as inventory for sale and distribution was recorded at zero value and was sold at R 5.38 million	-	-
60.3 Gains or loss on disposal of assets		
Balance previously reported	-	3,602,027
Land held for sale and distribution - 12/13	-	(5,380,000)
Restated balance	-	1,777,973

60.4 Accumulated surplus		
Balance previously reported	-	7,241,665,507
Recognisation of traffic fines issued	-	27,189,586
Asset incorrectly identified as inventory - 12/13	-	37,915,260
Restated balance	**-**	**7,306,770,353**

62. Change in accounting estimate

Property, plant and equipment

Review of useful life for fully depreciated assets according to GRAP 17 and the reclassification of property, plant and equipment to investment property.The effect of this revision has decreased the provision by R 7232 876.27

Landfill rehabilitation provision

The New England Road landfill site provisional programme closure was awarded to Envitech Solutions. The useful life of the landfill site was estimated in 2013 to be 10 years. The landfill site provision represents management's best estimate of the municipality's rehabilition liability based on an valuation provided by an external consultant. The effect of this revision has increased the provision by R5 545 636 .

Provisions

The leave pay provsion is created to ensure adherence to SALGA collective agreement requirements.It states that at the end of a leave cycle, an employee may not have more than 48 days annual leave to his credit. The effect of this revision has increased the provision by R 6 014 632.

The post-employment health care benefit actuarial valuation was done by Arch Acturial Consulting. The valuation undertaken in accordance with the requirements of Professional Guidance Note (PPN) 301 of the Actuarial Society of South Africa. The effect of this revision has increased the provision by R 79 570 384.

The long service award provision is created to ensure adherence to SALGA collective agreement requirements.The estimate is based on the monthly salaries rate at 30 June 2014. The effect of this revision has increased the provision by R2 370 174.

63. Irregular expenditure

Opening balance	45,411,822	219,203,257
Add: Irregular Expenditure - current year	267,956,841	34,910,840
Less: Amounts condoned	(298,538,251)	(208,702,275)
	14,830,412	**45,411,822**

Analysis of expenditure awaiting condonation per age classification

Figures in Rand	2014	2013

63. Irregular expenditure (continued)

2008 / 2009	4,077,827	4,077,827
2009 / 2010	5,458,355	5,458,355
2010 / 2011	3,551,576	3,551,576
2011 / 2012	38,200	38,200
2012 / 2013	1,704,454	32,285,864
	14,830,412	**45,411,822**

Irregular expenditure not yet written off
Section 32(4) of the Municipal Finance Management Act requires that Council can deal with these matters in the manner prescribed. In the case of irregular and fruitless and wasteful expenditure, it is only after an investigation has been conducted that irregular expenditure can be certified as irrecoverable and written off by Council hence there no movement between financial years 2008/2009 to 2012/2013 as the investigations are still open and as soon as they are closed Council will write off this expenditure.

Details of Irregular Expenditure – Current year

IDT awarded contracts and failed to produce proof that the SCM Process was followed when procuring goods and services as provided for in the Memorandum of Agreement signed between IDT and Msunduzi Municipality. Therefore all contracts awarded by IDT are in contravention of Section 217 of the Constitution, PPPPFA, Section 38 of the PFMA and Treasury Regulations.	262,583,395
Awards Made in contravention with MFMA SCM regulation 43 (without a tax clearance certificate) and regulation 2 (3) and regulation 12 to Enforce Security.	1,338,973
Awards Made in contravention with MFMA SCM regulation 43 (without a tax clearance certificate) and regulation 2 (3) and regulation 12 to Platinum Sports Consulting.	3,942,723
Awards made in person in the service of the state Contract: Specialised Quotation No. Q 139 of 13/14. Date awarded: 22nd May 2014 Service Provider: Nonkosenhle 73 Construction and Civil.	91,750
	267,956,841

Details of Irregular Expenditure condoned for current year

Figures in Rand	2014	2013

63. Irregular expenditure (continued)

IDT awarded contracts and failed to produce proof that the SCM Process was followed when procuring goods and services as provided for in the Memorandum of Agreement signed between IDT and Msunduzi Municipality. Therefore all contracts awarded by IDT are in contravention of Section 217 of the Constitution, PPPPFA, Section 38 of the PFMA and Treasury Regulations.		262,583,395
Awards Made in contravention with MFMA SCM regulation 43 (without a tax clearance certificate) and regulation 2 (3) and regulation 12 to Enforce Security.		1,338,973
Awards Made in contravention with MFMA SCM regulation 43 (without a tax clearance certificate) and regulation 2 (3) and regulation 12 to Platinum Sports Consulting.		3,942,723
Awards made in person in the service of the state Contract: Specialised Quotation No. Q 139 of 13/14. Date awarded: 22nd May 2014 Service Provider: Nonkosenhle 73 Construction and Civil.		91,750
		267,956,841

64. Comparative figures

No comparative figures have been restated for the current financial year.

65. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	4,132,273	3,993,459
Reconciliation of fruitless and wasteful expenditure		
Opening balance	3,993,460	3,956,970
Fruitless and wasteful expenditure current year	138,813	36,490
Fruitless and wasteful expenditure awaiting condonement/repayment	**4,132,273**	**3,993,460**
Interest on : Late payment of Telkom accounts	7,218	7,629
Interest on : Late payment of Eskom accounts	6,978	25,848
Cancellation of tenders	57,600	-
Interest on : Late payment to SARS	66,878	-
Interest on : Late payment of Post Office accounts	-	1,911
Interest on : Late payment of SABC TV licence	-	200
Interest on : Late payment to Swiftnet	139	902
	138,813	**36,490**

A system has been put in place to stream-line the payment process to ensure non occurrence of interest costs. Staff have been advised on possible recovery of costs due negligence.

Figures in Rand	2014	2013

66. Unauthorised expenditure

Depreciation and asset impairment	-	21,071,373
Funds still to be received from KZN provincial treasury for Nhlalakahle informal settlement electrification project	181,941	-
Funds still be received from Department of Human Settlements for Jika Joe informal settlement	12,197,883	-
	12,379,824	**21,071,373**

Reconciliation of unauthorised expenditure

Opening balance	21,073,373	21,073,373
Add: unauthorised expenditure - current year	12,379,824	-
Less: condoned expenditure - prior year	(21,073,373)	-
	12,379,824	**21,073,373**

Depreciation is calculated as an estimate on the approved budget and taking in to account the previous years depreciation.

The following factors are not considered when depreciation was estimated :
* Depreciation as captured in the statement of financial performance is inclusive of offset depreciation which includes depreciation on revaluations.
* Variances do occur due to asset reclassification,revaluations and review of useful lives of assets.

67. Electricity ,water and inventory losses

Electricity losses

Units purchased - kWh	1,735,228,615	1,748,918,830
Units sold - kWh	1,537,738,108	(1,546,449,278)
Loss - kWh	197,490,507	202,469,552
Electricity loss as a percentage	11.38	11.58
	-	**-**
Cost per kWh in cents	0.71033	0.60427
Electricity loss in rand value	140,283,985	122,345,594

The significant electricity losses of 2014 : 197 490 507 kWh (2013 : 202,469,552 kWh) occurred during the year under review, which resulted in material revenue losses to the municipality.

The acceptance norm of electricity loss is 20%. The electricity losses are on a steady decline during the last two years. It can be noted that the losses in 2011/12 financial year were 13.57% and it has been reducing steadly to 11.58% in 2012/2013 and are now 11.38% during the last financial year. This indicates that war on illegal connections and tampering is steadly being won and the graph is now tapering down.

The reduction in losses are due to vigorous attempts to reduce illegal connections from the informal settlements. It is still however higher than the norm.

Figures in Rand	2014	2013

67. Electricity ,water and inventory losses (continued)

Water losses		
Units purchased - Kl	67,004,044	64,680,158
Units sold - Kl	44,943,173	(43,461,581)
Losses - Kl	22,060,871	21,218,577
Apparent losses - Kl	(5,735,826)	(5,516,830)
Real losses - Kl	16,325,045	15,701,747
Water loss as a percentage	24	24
	-	-
Rand per kilolitre	4.68200	4.35500
Water loss in rand value	76,433,861	68,381,108

The acceptable norm in developing countries of water loss is 20%.The significant water losses of 2014: 16,325,045 kl (2013: 15,701,747 kl) occurred during the year under review, which resulted material revenue losses to the municipality.

Activities carried out for real loss initiatives

1. Pressure reducing valves (PRV) maintenance and repairs - this has been completed in the old and new city only.

2. PVR optimisation - ensure that the larger PRV zones would remain discreet by utilising a magnetic value top on all crown valves as well as upgrading and / repairing existing PRV's and their chambers.

3. Advances controllers - core focus was to change / install seven i20 advanced PRV controllers that would decrease the real losses and burst frequency for the municipality.

4. Creation of new district metering areas (DMA) - four new DMA's in the CBD were created, to help zone the CBD.

5.Meter replacement program - five plumbing contractors were awarded rate based contracts to help eliminate the exception reports received from the revenue unit. At the end of the reporting period 4 255 domestic meters were replaced.

6.Standpipe metering - Approximately 300 of the 730 standpipes could be found. These have been earmarked to be metered in the next reporting period.

7. Telemetry upgrades - Telemetry upgrades on all reservoir outlets were completed at the following sites as which include Bisley,Oribi,Murray,Haythorns,and Symmons reservoirs.

Inventory losses		
	439,602	93,369

There has been a close monitoring and interrogation of the movement of inventory. Additional staff have been appointed to maximise efficiency of the central stores.

68. Municipal entity

The Safe City project PMB was declared a municipal entity in terms of the MFMA and was incorporated as a section 21 company and was initiated in partnership with the business sector to create a safer CBD

Figures in Rand	2014	2013

69. Traffic fines outstanding

As per NATIS - traffic department		
Notice of intention to prosecute - 341's	2,015,700	2,583,925
Paid	(11,350)	(74,650)
Withdrawn	(10,300)	(364,200)
Unsuccessful	(7,750)	(3,875)
Section 56 notices - summons	3,811,350	5,708,700
Paid	(359,190)	(746,695)
Withdrawn	(732,750)	(1,605,085)
Unsuccessful	(371,735)	(11,750)
Warrant of arrests	(147,475)	(292,220)
	4,186,500	**5,194,150**

70. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Maturity profile	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
At 30 June 2014				
Financial liabilities	42,846,565	257,601,137	239,071,729	539,519,431

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Figures in Rand	2014	2013

71. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

THE MSUNDUZI MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/13	Received during the period	Redeemed written off during the period	Balance at 30/06/14
LONG-TERM LOANS			**R**	**R**	**R**	**R**
DBSA - 15.5%	11158	30/09/2018	8,076,213		1,021,460	7,054,752
DBSA - 15.5%	11159	31/03/2019	10,327,880		1,147,499	9,180,381
DBSA - 15.5%	11160	31/03/2019	8,801,992		977,962	7,824,029
DBSA - 16.5%	13446	31/03/2020	17,436,537		1,473,053	15,963,485
DBSA - 16.5%	13447	31/03/2020	7,432,513		627,905	6,804,608
DBSA - 16.5%	13448	31/03/2020	11,004,828		929,697	10,075,131
DBSA - 14.27%	14039/101	31/12/2014	13,782,074		8,884,686	4,897,388
DBSA - 14.27%	14039/102	31/12/2015	548,464		198,122	350,342
DBSA - 14.27%	102091	11/02/2020	3,777,171		336,696	3,440,475
DBSA - 14.27%	102416	28/06/2021	35,157,120		3,030,569	32,126,551
DBSA - 9.31%	101922	30/09/2020	16,908,382		1,658,616	15,249,766
DBSA - 8.7%	102797	30/09/2022	69,060,302		4,928,864	64,131,438
DBSA - 10.79%	103059/1	30/09/2023	53,895,179		2,966,969	50,928,210
DBSA - 6.75%	103059/2	30/09/2023	12,733,592		867,570	11,866,022
DBSA -12.02%	103594/1	31/12/2024	100,536,820		4,407,133	96,129,687
DBSA - 6.75%	103594/2	31/12/2024	31,747,352		1,902,999	29,844,353
DBSA - 12.10%	103721	31/03/2025	181,475,979		7,823,166	173,652,812
DBSA Total			**582,702,398**	**-**	**43,182,966**	**539,519,432**
INCA - 11.65%	Msun-00-0001	31/12/2013	2,444,882		2,444,882	-
RMB/INCA Total			**2,444,882**		**2,444,882**	**-**
RMB/HULETTS - 8.71%	Sub-station	31/12/2013	845,928		845,928	-
RMB/HULETTS Total			**845,928**	**-**	**845,928**	**-**
Total Long-term Loans			**585,993,208**	**-**	**46,473,776**	**539,519,432**
LEASE LIABILITY						
Nedbank - 10.000%	Nedbank 10	31/12/2014	125,665		81,674	43,990
Nedbank - 10.000%	Nedbank 11	24/12/2014	125,665		81,674	43,990
Nedbank - 10.500%	Nedbank 12	31/12/2017	1,039,841		220,720	819,122
Nedbank - 13.369%	Nedbank 23	01/10/2013	20,664		20,664	0
Nedbank - 13.369%	Nedbank 24	01/10/2013	20,664		20,664	0
Nedbank - 13.369%	Nedbank 26	01/10/2013	20,664		20,664	0
Nedbank - 13.369%	Nedbank 27	01/10/2013	18,772		18,772	-0
Nedbank - 13.369%	Nedbank 28	01/10/2013	18,772		18,772	-0
Nedbank - 13.369%	Nedbank 29	01/10/2013	18,772		18,772	-0
Nedbank - 13.369%	Nedbank 30	01/10/2013	28,185		28,185	-0
Nedbank - 13.369%	Nedbank 31	01/10/2013	13,632		13,632	-0
Nedbank - 13.369%	Nedbank 32	01/10/2013	13,632		13,632	-0
Nedbank - 13.369%	Nedbank 33	01/10/2013	13,632		13,632	-0
Nedbank - 13.369%	Nedbank 34	01/10/2013	13,826		13,826	-0
Nedbank - 13.369%	Nedbank 35	01/10/2013	27,891		27,891	0
Nedbank - 13.369%	Nedbank 36	01/10/2013	10,959		10,959	0
Nedbank - 13.369%	Nedbank 37	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 38	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 40	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 42	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 43	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 44	01/10/2013	10,959		10,959	0
Nedbank - 13.369%	Nedbank 45	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 46	01/10/2013	10,959		10,959	0
Nedbank - 13.369%	Nedbank 47	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 48	01/10/2013	10,959		10,959	0
Nedbank - 13.369%	Nedbank 49	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 51	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 52	01/10/2013	6,228		6,228	0
Nedbank - 13.369%	Nedbank 54	01/10/2013	6,228		6,228	0

THE MSUNDUZI MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/13	Received during the period	Redeemed written off during the period	Balance at 30/06/14
Nedbank - 13.369%	Nedbank 55	01/10/2013	6,228		6,228	0
Nedbank - 13.556%	Nedbank 56	01/10/2013	9,374		9,374	-0
Nedbank - 13.556%	Nedbank 57	01/10/2013	9,374		9,374	-0
Nedbank - 13.556%	Nedbank 58	01/10/2013	9,374		9,374	-0
Nedbank - 13.556%	Nedbank 59	01/10/2013	9,374		9,374	-0
Nedbank - 13.369%	Nedbank 60	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 62	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 63	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 64	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 65	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 66	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 67	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 68	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 70	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 71	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 72	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 73	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 74	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 75	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 76	01/10/2013	12,342		12,342	0
Nedbank - 13.369%	Nedbank 77	01/10/2013	12,342		12,342	0
Nedbank - 13.376%	Nedbank 78	01/10/2013	30,578		30,578	0
Nedbank - 13.376%	Nedbank 79	01/10/2013	30,758		30,758	-0
Nedbank - 13.376%	Nedbank 80	01/10/2013	30,018		30,018	0
Nedbank - 13.376%	Nedbank 81	01/10/2013	30,785		30,785	-0
Nedbank Total			**1,995,960**	**-**	**1,088,853**	**907,107**
Total lease liability			**1,995,960**	**-**	**1,088,853**	**907,107**
TOTAL EXTERNAL LOANS			**587,989,168**	**-**	**47,562,629**	**540,426,538**

THE MSUNDUZI MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY ,PLANT AND EQUIPMENT AT 30 JUNE 2014

	Cost							Accumulated Depreciation						
	Opening Balance	Adjustments	Impairment	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Adjustments	Additions (Depreciation)	Disposals current yr	Disposals Acc. Depreciation	Closing Balance	Carrying Value
LAND AND BUILDINGS														
Land	279,113,488	-24,000	0	19,127,706	0	0	298,217,194	0	0	0	0	0	0	298,217,194
Buildings	402,105,596	0	0	22,607,603	4,121,902	0	428,835,100	153,016,065	0	25,020,062			178,036,127	250,798,973
Investment Property	320,520,236	24,190,579		12,203,000			356,913,816	0					0	356,913,816
Total Land and Buildings	**1,001,739,320**	**24,166,579**	**0**	**53,938,309**	**4,121,902**	**0**	**1,083,966,111**	**153,016,065**	**0**	**25,020,062**	**0**	**0**	**178,036,127**	**905,929,983**
ELECTRICITY														
HV Overhead Lines	69,700,838	0	0	0	181,942	0	69,882,780	6,132,009	0	1,258,115	0	0	7,390,124	62,492,656
HV Substations	237,197,649	0	0	4,291,170	8,118,125	0	249,606,945	24,468,603	0	4,944,735	0	0	29,413,338	220,193,607
HV Underground Cables	15,087,569	0	0	0	0		15,087,569	1,740,329	0	289,945	0	0	2,030,274	13,057,296
LV Street Lighting	53,775,629	0	0	1,339,519	16,597,281		71,712,430	4,139,577	0	909,036	0	0	5,048,613	66,663,818
MV Ground Mounted Transformers	34,746,649	0	0	855,847	2,723,232		38,325,729	460,033	0	437,840	0	0	897,872	37,427,857
MV Mini Substations	107,796,704	0	0	1,307,788	13,864		109,118,356	11,962,829	0	2,070,660	0	0	14,033,489	95,084,868
MV Overhead Lines	23,406,159	0	0	1,388,205	6,725,574		31,519,937	2,657,655	0	450,656	0	0	3,108,310	28,411,627
MV Substations	119,060,084	0	0	280,862	17,634,407	0	136,975,354	14,607,341	0	2,463,532	0	0	17,070,873	119,904,480
MV Underground Cables	713,655,204	0	0	9,835	0		713,665,039	81,810,169	0	13,641,705	0	0	95,451,874	618,213,165
MV Pole Mounted Transformers	16,576,578	0	0	817,461	0		17,394,040	1,609,758	0	321,177	0	0	1,930,935	15,463,105
MV Ring Main Unit	25,376,590	0	0	2,434,963	0		27,811,554	1,557,275	0	579,215	0	0	2,136,489	25,675,064
	1,416,379,654	**0**	**0**	**12,725,651**	**51,994,427**	**0**	**1,481,099,732**	**151,145,577**	**0**	**27,366,614**	**0**	**0**	**178,512,191**	**1,302,587,541**
ROADS														
Overhead Gantry	130,000	0	0	0	0	0	130,000	7,649	0	1,274	0	0	8,922	121,078
Concrete Roads	29,224,514	0	0	12,094,550	0	0	41,319,064	2,967,510	0	494,548	0	0	3,462,057	37,857,007
Flexible Roads	1,568,772,808	-115,610	0	48,352,479	15,104,359		1,632,114,036	293,007,658	0	51,851,801	0	0	344,859,459	1,287,254,577
Unpaved Roads	131,841,005	115,610	0	0	0		131,956,615	58,811,769	0	15,073,707	0	0	73,885,477	58,071,138
Other Roads	136,206,156	0	0	0	0	0	136,206,156	13,127,352	0	3,405,076	0	0	16,532,428	119,673,728
Structures	236,821,422	0	0	808,480	254,490		237,884,393	13,824,956	0	2,319,845	0	0	16,144,801	221,739,592
Signalized Intersections	44,732,227	0	0	760,570	1,019,931		46,512,728	14,322,637	0	2,674,229	0	0	16,996,866	29,515,862
Airport Runway	65,915,765	0	0	5,488,033	0	0	71,403,797	7,197,579	0	1,608,446	0	0	8,806,025	62,597,772
	2,213,643,897	**0**	**0**	**67,504,112**	**16,378,780**	**0**	**2,297,526,789**	**403,267,110**	**0**	**77,428,926**	**0**	**0**	**480,696,036**	**1,816,830,753**
SANITATION														
Sewer Treatment Works	2,760,618	0	0	0	0	0	2,760,618	573,034	0	98,587	0	0	671,620	2,088,997
Pump Stations	21,959,259	0	0	0	0	-712,823	21,246,436	2,449,974	0	514,276	-28,814	-173,042	2,762,394	18,484,043
Bulk Sewers	63,891,107	0	-159,431	0	0	-23,945	63,707,731	6,109,121	0	1,024,120	-292	-1,752	7,131,197	56,576,534
Sewer Reticulation	555,587,753	0	0	0	41,953,231	0	597,540,985	59,135,015	0	11,149,226	0	0	70,284,241	527,256,744
	644,198,737	**0**	**-159,431**	**0**	**41,953,231**	**-736,768**	**685,255,770**	**68,267,144**	**0**	**12,786,208**	**-29,106**	**-174,794**	**80,849,452**	**604,406,319**
WATER														
Water Reticulation	399,456,537	0	0	1,823,937	0		401,280,474	45,371,371	0	8,038,875	0	0	53,410,246	347,870,228
Pump Stations	9,809,888	0	0	0	0	0	9,809,888	2,961,469	0	493,128	0	0	3,454,597	6,355,290
Reservoirs	161,230,456	0	0	0	10,118,678	-5,292,112	166,057,022	9,719,341	0	1,691,675	-69,180	-415,458	10,926,379	155,130,643
Water Supply Bulk Water Pipelines	444,721,785	0	-63,019	1,236,451	995,626	0	446,890,844	30,168,730	0	5,049,962	0	0	35,218,692	411,672,151
Water Supply Pressure Reduce Valves	3,764,700	0	0	0	0	0	3,764,700	1,328,792	0	221,263	0	0	1,550,055	2,214,645
Water Meters	230,940	0	0	0	18,599,800		18,830,740	81,515	0	13,573	0	0	95,087	18,735,653
	1,019,214,307	**0**	**-63,019**	**3,060,388**	**29,714,104**	**-5,292,112**	**1,046,633,668**	**89,631,218**	**0**	**15,508,476**	**-69,180**	**-415,458**	**104,655,057**	**941,978,611**
SECURITY								0						
Fencing	4,806,891	0	0	0	0	0	4,806,891	2,918,061	0	188,222	0	0	3,106,283	1,700,609
Security Systems	24,281,234	0	0	2,487,674	0	0	26,768,909	19,397,701	0	1,853,424	0	0	21,251,125	5,517,784
Access Control	248,269	0	0	0	0	0	248,269	115,350	0	38,853	0	0	154,203	94,066
	29,336,394	**0**	**0**	**2,487,674**	**0**	**0**	**31,824,069**	**22,431,112**	**0**	**2,080,498**	**0**	**0**	**24,511,610**	**7,312,459**
STORMWATER														
Major Culverts	41,382,991	0	0	0	0	0	41,382,991	4,692,735	0	796,297	0	0	5,489,032	35,893,959
Minor Culverts	662,608	0	0	0	0	0	662,608	75,477	0	12,569	0	0	88,046	574,563
Kerb Inlets	87,153,219	0	0	0	0	0	87,153,219	19,339,143	0	3,226,355	0	0	22,565,497	64,587,721
Manholes	56,558,788	0	0	0	0	0	56,558,788	12,570,121	0	2,093,108	0	0	14,663,228	41,895,560
Open Channels	26,272,075	0	0	381,250	0	0	26,653,325	1,517,833	0	375,028	0	0	1,892,861	24,760,465
Reticulation	347,320,067	0	0	0	115,285	0	347,435,352	39,708,202	0	6,689,697	0	0	46,397,899	301,037,453
Head and Wingwalls	5,549,544	0	0	0	0	0	5,549,544	1,233,380	0	205,376	0	0	1,438,755	4,110,789
	564,899,292	**0**	**0**	**381,250**	**115,285**	**0**	**565,395,827**	**79,136,890**	**0**	**13,398,429**	**0**	**0**	**92,535,319**	**472,860,508**
RAILWAY LINES														
Railway Lines	3,509,480	0	0	0	0		3,509,480	1,735,915	0	89,984	0	0	1,825,899	1,683,581
	3,509,480	**0**	**0**	**0**	**0**	**0**	**3,509,480**	**1,735,915**	**0**	**89,984**	**0**	**0**	**1,825,899**	**1,683,581**
SOLID WASTE														
Garden Refuse	1,951,945	0	0	0	0	0	1,951,945	471,903	0	86,086	0	0	557,989	1,393,956
Landfill Site	2,693,157	0	0	4,670,327	0	0	7,363,484	486,878	0	96,368	0	0	583,246	6,780,238
Sorting Stations	870,400	0	0	0	0	0	870,400	181,639	0	30,246	0	0	211,885	658,515
	5,515,502	**0**	**0**	**4,670,327**	**0**	**0**	**10,185,829**	**1,140,420**	**0**	**212,700**	**0**	**0**	**1,353,120**	**8,832,709**
Total Infrastructure Assets	**5,896,697,264**	**0**	**-222,450**	**90,829,403**	**140,155,827**	**-6,028,880**	**6,121,431,165**	**816,755,386**	**0**	**148,871,835**	**-98,286**	**-590,252**	**964,938,683**	**5,156,492,482**

THE MSUNDUZI MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY ,PLANT AND EQUIPMENT AT 30 JUNE 2014

	Cost							Accumulated Depreciation							
COMMUNITY ASSETS															
Community Buildings															
Fire Stations	23,421,717	0	0	0	0	0	23,421,717	7,808,255	0	1,272,927	0	0	9,081,182	14,340,535
Stadiums	44,944,342	0	0	0	822,511	0	45,766,853	18,593,679	0	3,009,624	0	0	21,603,304	24,163,549
Public Conveniences	61,206,154	0	0	817,078	0	0	62,023,233	22,161,385	0	3,644,496	0	0	25,805,881	36,217,352
Clininc s	25,538,340	0	0	0	0	0	25,538,340	11,106,947	0	1,827,006	0	0	12,933,953	12,604,387
Libraries	82,414,643	0	0	0	0	0	82,414,643	32,196,127	0	5,261,243	0	0	37,457,370	44,957,273
Community Centres	57,415,401	244,856	0	0	60,485	0	57,720,742	18,137,832	0	3,111,329	0	0	21,249,161	36,471,581
Museums and Art Galleries	497,223	0	0	0	0	0	497,223	36,672	0	9,938	0	0	46,609	450,613
Cemetries	1,494,761	0	0	0	35,460	0	1,530,221	218,630	0	35,814	0	0	254,444	1,275,778
Parks	3,510,425	0	0	0	0	0	3,510,425	1,631,178	0	264,979	0	0	1,896,157	1,614,268
Civic Theatres	41,243,466	0	0	0	0	0	41,243,466	18,411,365	0	2,962,350	0	0	21,373,715	19,869,751
	341,686,472	**244,856**	**0**	**817,078**	**918,456**	**0**	**343,666,862**	**130,302,069**	**0**	**21,399,706**	**0**	**0**	**151,701,776**	**191,965,087**
Community Recreational Facilities															
Swimming Pools	11,558,299	0	0	0	0	0	11,558,299	5,410,072	0	878,846	0	0	6,288,918	5,269,381
Sports Facilities	16,258,622	0	0	0	13,818,179		30,076,802	3,108,682	0	648,258	0	0	3,756,940	26,319,862
Squash Courts	4,604,299	0	0	0	0	0	4,604,299	2,097,144	0	339,533	0	0	2,436,676	2,167,622
Cemetries	9,436,681	0	0	0	0	0	9,436,681	1,100,463	0	206,207	0	0	1,306,671	8,130,011
Parks	9,533,291	0	0	0	0	0	9,533,291	1,383,724	0	231,177	0	0	1,614,901	7,918,390
Sports Grounds	167,882,835	0	0	11,530	0	0	167,894,365	38,059,705	0	6,340,257	0	0	44,399,961	123,494,403
	219,274,027	**0**	**0**	**11,530**	**13,818,179**	**0**	**233,103,736**	**51,159,790**	**0**	**8,644,277**	**0**	**0**	**59,804,067**	**173,299,669**
Total Community Assets	**560,960,499**	**244,856**	**0**	**828,608**	**14,736,635**	**0**	**576,770,598**	**181,461,859**	**0**	**30,043,983**	**0**	**0**	**211,505,843**	**365,264,756**
OTHER ASSETS															
Other Properties															
Housing Schemes	89,547,082	107,631	0		0		89,654,713	27,201,128	0	4,876,833	0	0	32,077,961	57,576,752
Markets	229,263,078	0	0	1,972,748	0	0	231,235,826	91,695,708	0	14,872,926	0	0	106,568,633	124,667,193
Sewerage works and Dump Site	796,654	0	0	0	0	0	796,654	393,125	0	63,235	0	0	456,360	340,294
Worshops and Depots	31,594,554	0	0	0	0	0	31,594,554	13,931,328	0	2,256,639	0	0	16,187,967	15,406,587
Hostels	1,937,714	-387,235	0	7,014	0	0	1,557,492	948,302	0	153,468	-27,466	-170,801	903,503	653,989
Training Centre	3,331,557	0	0	0	0	0	3,331,557	1,526,832	0	248,290	0	0	1,775,122	1,556,435
Landfill Site	13,706,093	0	0	0	0	0	13,706,093	910,975	0	284,273	0	0	1,195,248	12,510,845
Old Age Homes	924,086	0	0	0	0	0	924,086	468,567	0	74,145	0	0	542,712	381,374
Transport Facility	30,675,561	0	0	0	5,649,686	0	36,325,247	7,379,452	0	1,262,312	0	0	8,641,763	27,683,484
Crematoriums	6,394,494	0	0	664,370	339,223		7,398,088	83,391	0	92,271	0	0	175,662	7,222,426
Nurseries	9,811,035	0	0	0	0	0	9,811,035	4,453,644	0	722,451	0	0	5,176,095	4,634,940
Airport Buildings	19,025,790	-14,988,290	0	9,929,067	0	0	13,966,567	7,024,331	0	1,193,165	-1,112,388	-6,872,053	233,055	13,733,512
Creches	15,717,655	0	0	0	0	0	15,717,655	1,759,500	0	519,986	0	0	2,279,486	13,438,168
Substations								0					0	0
	452,725,353	**-15,267,895**	**0**	**12,573,199**	**5,988,909**	**0**	**456,019,567**	**157,776,283**	**0**	**26,619,992**	**-1,139,855**	**-7,042,854**	**176,213,567**	**279,806,000**
Total Other Assets	**452,725,353**	**-15,267,895**	**0**	**12,573,199**	**5,988,909**	**0**	**456,019,567**	**157,776,283**		**26,619,992**	**-1,139,855**	**-7,042,854**	**176,213,567**	**279,806,000**
Plant and Equipment															
Graders	5,690,677	0	0	0	0	-133,030	5,557,647	3,889,018	0	393,490	-8,849	-111,929	4,161,730	1,395,917
Tractors	8,771,940	0	0	0	0	-530,115	8,241,826	7,516,936	0	541,351	-19,418	-482,748	7,556,121	685,705
Farm Equipment	83,448	0	0	0	0	0	83,448	81,813	0	423	0	0	82,236	1,212
Lawnmowers	3,096,432	0	0	419,751	0	-13,444	3,502,738	2,403,892	7,836	315,555	-783	-12,617	2,713,884	788,855
Compressors	138,950	0	0	0	0	0	138,950	116,283	0	10,078	0	0	126,361	12,590
Laboratory Equipment	1,546,040	0	0	0	0	0	1,546,040	1,217,059	0	111,304	0	0	1,328,363	217,677
Radio Equipment	1,836,917	0	0	281,560	0	-57,385	2,061,093	1,225,088	-1,458	163,070	0	-38,683	1,348,017	713,076
Firearms	31,800	0	0	0	0	0	31,800	19,102	0	4,231	0	0	23,333	8,467
Telecommunication	5,769,634	0	0	58,480	0	-4,250	5,823,863	4,975,888	0	258,516	-259	-3,892	5,230,253	593,610
Plant and Equipment	29,717,472	31,800	0	3,550,056	1,074,018	-226,595	34,146,752	15,759,464	-2,771	3,484,127	-9,078	-176,782	19,054,961	15,091,791
Cremators	1,767,178	0	0	0	0	0	1,767,178	852,004	0	78,382	0	0	930,386	836,791
	58,450,488	**31,800**	**0**	**4,309,847**	**1,074,018**	**-964,818**	**62,901,335**	**38,056,547**	**3,608**	**5,360,527**	**-38,387**	**-826,651**	**42,555,645**	**20,345,690**
Office Equipment															
Computer Hardware	32,761,257	13,464	0	2,895,908	13,464	-281,428	35,402,665	24,677,719	-137,924	2,763,394	-8,006	-200,021	27,095,162	8,307,503
Office Machines	4,615,457	0	0	562,844	0	-80,948	5,097,352	4,285,621	434	134,439	-2,198	-64,316	4,353,980	743,372
Airconditioners	11,568,148	0	0	2,556,101	0	-198,501	13,925,748	9,042,143	-7,298	1,031,104	-14,048	-161,367	9,890,535	4,035,213
	48,944,861	**13,464**	**0**	**6,014,853**	**13,464**	**-560,877**	**54,425,765**	**38,005,483**	**-144,788**	**3,928,937**	**-24,252**	**-425,704**	**41,339,677**	**13,086,088**
Furniture and Fittings															
Chairs	9,454,025	217	0	489,693	15,950	-493,357	9,466,527	7,918,981	152,685	439,336	-14,024	-404,660	8,092,318	1,374,210
Tables and Desks	8,027,311	0	0	231,882	14,600	-345,947	7,927,846	6,353,427	76,717	501,186	-6,208	-237,030	6,688,092	1,239,754
Cabinets ands Cupboards	9,677,270	0	0	135,435	4,900	-210,974	9,606,631	7,411,472	37,109	751,581	-3,064	-129,351	8,067,747	1,538,884
Furniture and Fittings Other	5,202,578	1,272	0	306,728	1,500	-247,296	5,264,782	4,302,211	36,102	259,725	-8,351	-180,103	4,409,584	855,199
	32,361,185	**1,488**	**0**	**1,163,738**	**36,950**	**-1,297,574**	**32,265,787**	**25,986,090**	**302,613**	**1,951,828**	**-31,647**	**-951,144**	**27,257,741**	**5,008,047**
Containers															
Household Refuse Bins	116,023	0	0	0	0	-562	115,461	91,195	0	8,369	-75	-384	99,105	16,356
Bulk Containers	1,258,635	0	0	0	0	0	1,258,635	844,770	0	83,737	0	0	928,508	330,128
	1,374,658	**0**	**0**	**0**	**0**	**-562**	**1,374,096**	**935,965**	**0**	**92,106**	**-75**	**-384**	**1,027,613**	**346,483**
Fire and Medical Equipment															
Fire Equipment	8,948,070	0	0	0	0	-18,948	8,929,122	5,304,160	0	434,186	-841	-12,637	5,724,869	3,204,253
Medical Equipment Clinics	1,158,854	0	0	0	0	-179,004	979,850	889,623	90	99,513	-9,068	-145,116	835,042	144,808
	10,106,924	**0**	**0**	**0**	**0**	**-197,952**	**9,908,972**	**6,193,783**	**90**	**533,700**	**-9,909**	**-157,754**	**6,559,910**	**3,349,062**

THE MSUNDUZI MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY ,PLANT AND EQUIPMENT AT 30 JUNE 2014

	Cost							Accumulated Depreciation						
Motor Vehicles														
Fire Engines	28,046,341	0	0	0	0	-270,683	27,775,658	6,141,718	0	1,328,405	-9,004	-135,360	7,325,758	20,449,900
Buses	55,750	0	0	2,165,154	0	-55,750	2,165,154	42,419	0	2,868	-2,473	-42,419	395	2,164,759
Motor Vehicles	18,280,041	0	0	6,273,244	0	-1,251,831	23,301,454	14,032,092	-300,173	1,686,592	-61,967	-1,073,927	14,282,617	9,018,837
Motor Cycles	960,468	0	0	0	0	-130,959	829,509	948,731	-9,500	10,018	-554	-129,968	818,727	10,782
Trucks and Bakkies	105,655,829	0	0	17,993,520	0	-4,259,433	119,389,916	71,502,253	-36,522	12,235,331	-257,886	-3,580,733	79,862,443	39,527,473
Trailers	1,769,507	0	0	0	0	-8,121	1,761,386	1,426,258	-5,146	156,756	-450	-6,767	1,570,652	190,734
	154,767,936	**0**	**0**	**26,431,918**	**0**	**-5,976,778**	**175,223,076**	**94,093,471**	**-351,342**	**15,419,970**	**-332,334**	**-4,969,175**	**103,860,592**	**71,362,485**
Total Movable Assets	**306,006,052**	**46,752**	**0**	**37,920,355**	**1,124,432**	**-8,998,561**	**336,099,031**	**203,271,341**	**-189,819**	**27,287,069**	**-436,603**	**-7,330,811**	**222,601,176**	**113,497,855**
Heritage Assets														
artworks	140,454,340	0	0	103,447	0	0	140,557,787	0	0	0	0	0	0	140,557,787
Stadiums	3,961,963	0	0	0	0	0	3,961,963	0	0	0	0	0	0	3,961,963
Swimming Pool	1,785,373	0	0	0	0	0	1,785,373	0	0	0	0	0	0	1,785,373
Museums and Art Gallery	16,055,648	0	0	0	500,000	0	16,555,648	0	0	0	0	0	0	16,555,648
Parks	2,465,908	0	0	0	0	0	2,465,908	0	0	0	0	0	0	2,465,908
Crematorium	6,245,803	0	0	0	0	0	6,245,803	0	0	0	0	0	0	6,245,803
Land (heritage)	6,000,000	0	0	0	0	0	6,000,000	0	0	0	0	0	0	6,000,000
								0	0	0	0	0	0	0
Total Heritage assets	**176,969,034**	**0**	**0**	**103,447**	**500,000**	**0**	**177,572,481**	**0**	**0**	**0**	**0**	**0**	**0**	**177,572,481**
Intangible Assets														
Computer Software	8,359,804	0	0	734,085	0	0	9,093,888	8,082,078	0	142,062	0	0	8,224,140	869,748
Intangible Assets/software	12,973,332	0	0	3,000	0	0	12,976,332	12,155,910	0	396,474	0	0	12,552,384	423,948
Total Intangible Assets	**21,333,136**	**0**	**0**	**737,085**	**0**	**0**	**22,070,221**	**20,237,988**	**0**	**538,536**	**0**	**0**	**20,776,524**	**1,293,697**
Servitudes	803,846	0	0	0	0		803,846 #	0	0	0	0	0	0	803,846
	803,846	**0**	**0**	**0**	**0**	**0**	**803,846**	**0**	0	0	0	0	0	**803,846**
Biological assets														
Biological Assets	648,261	0	0	347,703	0		995,964	0	0	0	0	0	0	995,964
	648,261	**0**	**0**	**347,703**	**0**	**0**	**995,964**	**0**	0	0	0	0	0	**995,964**
Aqrcultural assets														
Plantation	**0**	37,915,260	**0**	8,604,786	0		46,520,046	0	0	0	0	0	0	46,520,046
	0	**37,915,260**	**0**	**8,604,786**	**0**	**0**	**46,520,046**	0	0	0	0	0	0	**46,520,046**
Grand Total Assets	**8,417,882,765**	**47,105,553**	**-222,450**	**205,882,895**	**166,627,706**	**-15,027,441**	**8,822,249,029**	**1,532,518,922**	**-189,819**	**258,381,478**	**-1,674,744**	**-14,963,917**	**1,774,071,920**	**7,048,177,109**

THE MSUNDUZI MUNICIPALITY

APPENDIX C

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Fixed Assets	Historical Cost							Accumulated Depreciation						
Description	Opening Balance	Adjustments	Impairment	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Adjustment	Additions	Depr. Disposals current yr	Depr. Disposals prev.yr	Closing Balance	Carrying Value
Executive and Council	6,416,726.18	-	-	16,842,946.31		-	23,259,672.49	5,554,151.59		773,545.23			6,327,696.82	16,931,975.67
Finance and Administration	946,645,630.08	-	-	193,935.45	-	-	946,839,565.53	300,211,123.15		4,568,060.45			304,779,183.60	642,060,381.93
Planning and Development	82,657,053.48	-	-	19,267,805.75	500,000.00	-	102,424,859.23	37,935,411.75		472,689.80			38,408,101.55	64,016,757.68
Health	40,798,989.61	-	-	70,628.42	-	-	40,869,618.03	13,626,167.47		2,153,080.58			15,779,248.05	25,090,369.98
Community and Social Services	44,716,659.00	1,451,210.54	-	4,961,925.31	15,089,322.45	-198,514.19	66,020,603.11	16,620,110.17	90.26	15,984,108.47	-9,983.81	-158,137.45	32,436,187.64	33,584,415.47
Housing	202,520,505.98	107,630.63	-	11,620.37	-	-	202,639,756.98	29,456,596.76		248,955.95			29,705,552.71	172,934,204.27
Public Safety	99,725,719.93	-	-	844,601.00	-	-	100,570,320.93	47,879,159.28		5,733,320.49			53,612,479.77	46,957,841.16
Sport and Recreation	376,347,418.08	-		202,107.50	-	-	376,549,525.58	119,559,584.74		10,783,722.00			130,343,306.74	246,206,218.84
Road Transport	2,767,907,284.28	-		62,558,591.61	21,335,563.60	-	2,851,801,439.49	496,996,691.77		78,029,764.25			575,026,456.02	2,276,774,983.47
Environmental Protection	6,534,926.03	-	-	355,302.00	-	-	6,890,228.03	5,459,640.08		680,803.87			6,140,443.95	749,784.08
Water	1,026,120,652.87	-	-63,018.76	4,023,558.62	31,135,452.70	-5,292,112.01	1,055,924,533.42	94,146,746.25		33,030,880.50	-69,179.80	-415,457.77	126,692,989.18	929,231,544.24
Waste Water Management	701,406,960.57	-	-159,431.01	1,715,517.97	41,721,185.88	-736,767.51	743,947,465.90	87,938,230.89		26,256,655.51	-29,106.13	-174,794.39	113,990,985.88	629,956,480.02
Electricity	1,453,583,483.00	-964,563.42	-	16,161,578.76	51,980,562.44		1,520,761,060.78	168,233,147.74		31,112,241.36			199,345,389.10	1,321,415,671.68
Other	662,500,756.26	55,116,061.15	-	70,067,990.45	4,865,618.67	-8,800,046.81	783,750,379.72	108,902,160.23	-189,908.95	48,553,649.34	-1,566,473.90	-14,215,527.55	141,483,899.17	642,266,480.55
TOTALS	**8,417,882,765.35**	**55,710,338.90**	**-222,449.77**	**197,278,109.52**	**166,627,705.74**	**-15,027,440.52**	**8,822,249,029.22**	**1,532,518,921.87**	**-189,818.69**	**258,381,477.80**	**-1,674,743.64**	**-14,963,917.16**	**1,774,071,920.18**	**7,048,177,109.04**

THE MSUNDUZI MUNICIPALITY

APPENDIX D

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY , PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2014

Description	2014 Budget R	2014 Actual R	2014 Under construction R	2014 Additions R	2014 Variance R	2014 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	14,916,794.00	12,623,332.61	0.00	13,944,134.63	2,293,461.39	15%	
Finance and Administration	54,383,338.00	32,383,582.21	2,301,508.00	7,936,546.51	21,999,755.79	40%	
Planning and Development	24,798,773.00	31,445,948.37	3,124,595.67	28,490,897.54	-6,647,175.37	-27%	
Public Safety	600,000.00	496,727.96	0.00	873,172.07	103,272.04	17%	
Community and Social Services	8,912,465.00	5,137,690.89	388,147.44	2,603,066.38	3,774,774.11	42%	
Health	0.00	0.00	0.00	0.00	0.00	0%	
Sport and Recreation	16,491,217.00	15,297,212.91	14,640,690.01	1,869,187.43	1,194,004.09	7%	
Road Transport	174,250,928.00	84,793,684.69	21,450,848.20	85,059,592.25	89,457,243.31	51%	
Water	39,991,925.00	34,956,305.44	31,135,452.70	4,023,558.62	5,035,619.56	13%	
Waste Water Management	50,242,210.00	48,196,242.17	41,605,901.28	6,442,919.17	2,045,967.83	4%	
Electricity	148,476,284.00	67,924,327.54	51,980,562.44	16,185,622.18	80,551,956.46	54%	
Housing	839,013.00	25,045.00	0.00	829,815.39	813,968.00	97%	
Other	26,056,221.00	17,762,888.14	0.00	29,019,597.35	8,293,332.86	32%	
Environment Protection	0.00	0.00	0.00	0.00	0.00	0%	
TOTALS	**559,959,168.00**	**351,042,987.93**	**166,627,705.74**	**197,278,109.52**	**208,916,180.07**	**37%**	

THE MSUNDUZI MUNICIPALITY			
APPENDIX E1			
DETAILS OF UNSPENT CONDITIONAL GRANTS TRANSFERS TO INCOME AS AT 30 JUNE 2014			
GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - NOTE 32	**2014**	**2013**	
GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - OPERATING			
Equitable share	**354,313,000**	**338,903,000**	
Airport	-	31,025	
Land use management grant	-	145,962	
	-	**176,987**	
Wadley Stadium - Sports and Recreation	**179,000**	**-**	
SETA	371,035	300,000	
Ashburton feasibility	-	519,196	
	371,035	**819,196**	
Expanded public works programme	**1,873,679**	**1,361,871**	
Finance management grant	**1,550,000**	**1,996,692**	
Greater edendale development initiative	**4,633,041**	**4,403,215**	
Intergrated development plan	**-**	**398,070**	
Library	**14,200,728**	**3,255,134**	
Market - COGTA	**1,640**	**651,450**	
Municipal infrastructure grant	3,924,285	3,753,773	
Sanitation Bucket Eradication	5,080,735	-	
Water conservation water demand management	1,344,880	155,120	
	10,349,899	**3,908,893**	
Municipal systems improvement grant	**244,880**	**555,000**	
Public transportation infrastructure	**35,773,917**	**36,700,000**	
Tatham Art Gallery	**598,875**	**23,454**	
Municipal water infrastructure services grant	**5,175,972**		
Urban Renewal - COGTA	-	1,309,281	
Trusts	-	69,348	
	-	**1,378,628**	
Dept of water affairs	**131,999**	**-**	
Youth Advisory Centre	6,900	-	
Q Dot Pharma	40,123	-	
	47,023	**-**	
Housing	**12,197,883**	**-**	
COGTA - Water service delivery plan	**82,742**	**-**	
Health Subsidy	5,074,000	-2,416,750	
Housing Accreditation	226,211	-	
Library subsidy	1,096,440	3,507,000	
	6,396,651	**1,090,250**	
Total Government Grant and Subsidies - OPERATING	**448,121,963**	**395,621,841**	
GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - CAPITAL			
Neighbourhood development partnership grant	**706,767**	**501,050**	
Municipal infrastructure grant	**155,718,791**	**135,301,595**	
Airport	**14,198,246**	**436,295**	
Alexandra Park Athletic Track	**2,384,479**	**1,377,671**	
Community communication iniatative	**9,300**	**40,079**	
Operation Dlulusumilando	**500,000**	**-**	

THE MSUNDUZI MUNICIPALITY			
APPENDIX E1			
DETAILS OF UNSPENT CONDITIONAL GRANTS TRANSFERS TO INCOME AS AT 30 JUNE 2014			
GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - NOTE 32	**2014**	**2013**	
GOVERNMENT GRANTS AND SUBSIDIES - REVENUE - OPERATING			
Electricity side demand management/Integrated National Electrification Programme	20,484,157	3,611,795	
Nhlalakahle Informal Settlement Electrification - KZNPT	181,942	-	
Electricity Grants - COGTA	2,723,232	3,872,570	
	23,389,331	**7,484,366**	
Expanded public works programme	-	173,740	
Dept of water affairs	165,000	-	
Trusts	-	364,780	
	165,000	**538,520**	
Freedom square tourism hub	-	10,534,526	
Publicity House - COGTA	1,133,140	-	
	1,133,140	**10,534,526**	
Library	**3,949,658**	**249,437**	
Market - COGTA	**2,204,674**	**5,668,532**	
Massification - COGTA	**1,159,564**	**840,436**	
Municipal systems improvement grant	**353,407**	**302,035**	
Public transportation infrastructure	**17,695,383**	**4,566,790**	
Youth Advisory Centre	**82,680**	**-**	
Tatham Art Gallery	**106,854**	**-**	
Community Development workers	**-**	**7,096**	
Greater edendale development initiative	**19,160,074**	**-**	
Municipal water services infrastructure grant	**1,074,018**		
Urban Renewal - COGTA	**2,191,283**	**2,999,438**	
Total Government Grant and Subsidies - CAPITAL	**246,182,650**	**170,847,865**	

THE MSUNDUZI MUNICIPALITY

APPENDIX E2

RECONCILIATION OF UNSPENT CONDITIONAL GRANTS CONDITIONS MET - TRANSFER TO REVENUE AS AT 30 JUNE 2014

		2014	2013
Municipal infrastructure grant	Operating	3,924,285	3,753,773
Municipal infrastructure grant	Capital	155,718,791	135,301,595
Municipal infrastructure grant		**159,643,076**	**139,055,368**
Airport	Operating	-	31,025
Airport	Capital	14,198,246	436,295
Airport		**14,198,246**	**467,320**
ESDMG		2,980,459	-
INEP		17,503,698	3,611,795
Electricity side demand management/Integrated National Electrification Programme	Capital	**20,484,157**	**3,611,795**
Greater edendale development initiative	Operating	4,633,041	4,403,215
Greater edendale development initiative	Capital	19,160,074	-
Greater edendale development initiative		**23,793,115**	**4,403,215**
Finance management grant	Operating	**1,550,000**	**1,996,692**
Library	Operating	14,200,728	3,255,134
Library	Capital	3,949,658	249,437
Library		18,150,386	3,504,571
Provincial library grant		17,108,565	3,293,938
Other external grant library		1,041,821	210,633
Library		**18,150,386**	**3,504,571**
Freedom square tourism hub	Capital	**-**	**10,534,526**
Municipal systems improvement grant	Operating	244,880	555,000
Municipal systems improvement grant	Capital	353,407	302,035
Municipal systems improvement grant		**598,287**	**857,035**
Neighbourhood development partnership grant	Capital	**706,767**	**501,050**
Public transportation infrastructure	Operating	35,773,917	36,700,000
Public transportation infrastructure	Capital	17,695,383	4,566,790
Public transportation infrastructure		**53,469,301**	**41,266,790**
Alexandra Park Athletic Track	Capital	**2,384,479**	**1,377,671**
Trusts	Operating	-	69,348
Trusts	Capital	-	364,780
Trusts		**-**	**434,128**
Water conservation water demand management	Operating	**1,344,880**	**155,120**
COGTA - Water service delivery plan	Operating	82,742	-
Community communication iniatative	Capital	9,300	40,079
Community Development workers	Capital	-	7,096
Dept of water affairs	Operating	131,999	-
Dept of water affairs	Capital	165,000	-
Expanded public works programme	Operating	1,873,679	1,361,871
Expanded public works programme	Capital	-	173,740
Intergrated development plan	Operating	-	398,070
Land use management grant	Operating	-	145,962
Youth Advisory Centre	Operating	6,900	-
Youth Advisory Centre	Capital	82,680	-
Sundry		**2,352,300**	**2,126,818**
Ashburton feasibility	Operating	**-**	**519,196**
Tatham Art Gallery	Operating	598,875	23,454
Tatham Art Gallery	Capital	106,854	-
Tatham Art Gallery		**705,729**	**23,454**

THE MSUNDUZI MUNICIPALITY

APPENDIX E2

RECONCILIATION OF UNSPENT CONDITIONAL GRANTS CONDITIONS MET - TRANSFER TO REVENUE AS AT 30 JUNE 2014

		2014	2013
SETA	Operating	**371,035**	**300,000**
Q Dot Pharma	Operating	**40,123**	**-**
Market - COGTA	Operating	1,640	651,450
Market - COGTA	Capital	2,204,674	5,668,532
Market		**2,206,314**	**6,319,982**
Electricity Grants - COGTA	Capital	**2,723,232**	**3,872,570**
Massification - COGTA	Capital	**1,159,564**	**840,436**
Urban Renewal - COGTA	Operating	-	1,309,281
Urban Renewal - COGTA	Capital	2,191,283	2,999,438
Urban Renewal - COGTA		**2,191,283**	**4,308,718**
Publicity House - COGTA	Capital	**1,133,140**	**-**
Wadley Stadium - Sports and Recreation	Operating	**179,000**	**-**
Sanitation Bucket Eradication	Operating	**5,080,735**	**-**
Municipal water services infrastructure grant	Capital	1,074,018	-
Municipal water infrastructure services grant	Operating	5,175,972	-
Municipal water infrastructure services grant		**6,249,990**	**-**
Operation Dlulusumilando	Capital	**500,000**	**-**
Nhlalakahle Informal Settlement Electrification - KZNPT	Capital	**181,942**	**-**
Housing	Operating	**12,197,883**	**-**
		333,594,963	**226,476,455**

THE MSUNDUZI MUNICIPALITY
APPENDIX F
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2014	Total 2013	Total 2014
1	South African Local Authorities Pension Fund v. Msunduzi Municipality	Pension Surcharge	2008	Logan Chetty Attorneys: Tel 033 345 1639 Fax 086 218 5702 Physical Address 13 Prince Edward Street; Pietermaritzburg, 3201 Postal Address PO Box 11706, Dorpspruit, 3206. & Adv V. Moodley: Tel 033 845 3591fax 033 342 82 75.	R 217 184.13 Plus interest at 15.5 per cent per annum.	250,847.67	250,847.67
2	M. Mouton v. Msunduzi Municipality	Delictual Claim	2008	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	R14 000.00 Plus interest at 15.5 Per cent per annum	16,170.00	16,170.00
3	SAPPI v. Msunduzi Municipality	Delictual Claim	2009	External Insurance	R25000 000.00 Plus interest at 15.5 Per cent per annum	28,875.00	28,875,000.00
4	B.A. Clark v. Msunduzi Municipality	Delictual Claim	2009	Logan Chetty Attorneys: Tel 033 345 1639 Fax 086 218 5702 Physical Address 13 Prince Edward Street; Pietermaritzburg, 3201 Postal Address PO Box 11706,	R397 975.83 Plus interest at 15.5 per cent per annum.	459,662.08	459,662.08
5	Gonassilan v Msunduzi Municipality	Delictual Claim	2009	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	R100 000.00 Plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
6	Kheswa v. Msunduzi Municipality	Delictual Claim	2009	Internal	R30 470.12 Plus interest at 15.5 per cent per annum.	35,192.99	35,192.99
7	FBI Khan and RY Khan v Msunduzi Municipality	Delictual Claim	2009	Internal	R63 280.39 Plus interest at 15.5 per cent per annum and R1267.00 Plus interest at 15.5 per cent per annum	73,088.85	74,552.24
8	Orion Telecom v. Msunduzi Municipality	Delictual Claim	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum	107,172.00	133,098.62
9	Mkhumbuzi v. Msunduzi Municipality	Delictual Claim	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
10	Nzaba IN v Msunduzi Municipality	Delictual Claim	2008	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	R73 500.00 Plus interest at 15.5 per cent per annum.	84,892.50	84,892.50
11	Telkom v. Msunduzi Municipality	Delictual Claim	2008	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R45 979. 87 Plus interest at 15.5 per cent per annum.	53,106.75	53,106.75
12	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement D	2007	Internal	R210 749.00 Plus Vat at 14 per cent.	240,253.86	240,253.86
13	Hampton College v. Msunduzi Muni	Delictual Claim	2007	Afzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Cumberwood, 3235. and Kruger Ngcobo Inc. Tel 031 306 4352 Fax: 031 305 4340 Physical Address 25 Field Street, Suite 1102, Durban Postal Address PO Box 49467 Qualbert 4078. and ADV Flemming Tel: 033 845 3576 Fax: 033 394 8374. Physical Address Advocates Chambers, Block B3 17 Prince Edward Street, Pietermaritzburg, 3201.	R85 470.00 plus interest at 15.5 per cent per annum.	98,717.85	98,717.85
14	Chetty K. v. Msunduzi Municipality	Delictual Claim	2006	Internal	R26 169.86 Plus interest at 15.5 percent per annum.	30,249.00	30,226.19
15	R. Terty v Msunduzi Municipality	Delictual Claim	2007	Insurance	R50 000.00 plus interest at 15.5 per cent per annum.	57,750.00	57,750.00
16	Terwolbeek PJ v Msunduzi Municipality	Delictual Claim	2008	Insurance	R1 121 620. 00 plus interest at 15.5 per cent per annum.	1,295,471.10	1,295,471.10
17	Govender RS v Msunduzi Municipality	Delictual Claim	2008	Internal	R75 000.00 plus interest at 15.5 per cent per annum.	86,625.00	86,625.00
18	A and F Mall v Msunduzi Municipality	Delictual Claim	2007	Internal	R17 181.33 plus interest at 15.5 per cent per annum.	19,844.64	19,844.44
19	Mkungisa E v Msunduzi Municipality	Delictual Claim	2007	Internal	R 6213.00 plus interest at 15.5 per cent per annum.	7,176.02	7,176.02
20	F. Osman V Msunduzi Municipality	Delictual Claim	2007	Internal	R306 666.44 plus interest at 15.5 per cent per annum.	354,199.74	354,199.74
21	Zulu TE v Msunduzi Municipality	Delictual Claim	2007	Internal	R 8709.22 plus interest at 15.5 per cent per annum.	10,059.15	10,059.15
22	Rabikisoon R v Msunduzi Municipality	Delictual Claim	2007	Internal	R20 000.00 plus interest at 15.5 per cent per annum.	23,100.00	23,100.00
23	Zuma NG v Msunduzi Municipality	Delictual Claim	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
24	Van Straaten W(DR) v Msunduzi Municipality	Delictual Claim	2008	Internal	R96 401. 43 plus interest st 15.5 per cent per annum.	111,343.65	111,343.65

THE MSUNDUZI MUNICIPALITY
APPENDIX F
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2014	Total 2013	Total 2014
25	Majozi NV v Msunduzi Municipality	Delictual Claim	2007	Uys Matyeka Schwartz: Tel 031 304 6063 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R110 046.28 plus interest at 15.5 per cent per annum.	127,103.45	12,758.45
26	Zondi PS v Msunduzi Municipality	Delictual Claim	2007	Internal	R15 080.00 plus interests at 15.5 per cent per annum.	17,417.40	17,417.40
27	Omarjee M. v Msunduzi Municipality	Delictual Claim	2005	Internal	R 31 000.00 plus interest at 15.5 per cent per annum.	35,805.00	35,805.00
28	Painter LV v Msunduzi Municipality	Delictual Claim	2006	Internal	R45 361.38 plus interest at 15.5 per cent per annum.	52,392.39	52,392.39
29	Dladla G v Msunduzi Municipality	Delictual Claim	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum.	23,100.00	23,100.00
30	Roelefse v Msunduzi Municipality	Delictual Claim	2002	Internal	R41 032.58 plus interest at 15.5 per cent per annum.	47,392.63	47,392.63
31	Premier of KZN v Msunduzi Municipality	Delictual Claim	2003	Internal	R 11 340.00	11,340.00	11,340.00
32	Suilaiman R v Msunduzi Municipality	Delictual Claim	1998	Internal	R50 000.00 plus interest at 15.5 per cent per annum.	57,750.00	57,750.00
33	Haffejee RB v Msunduzi Municipality	Delictual Claim	2004	Internal	R98 000.00 plus interest at 15.5 per cent per annum.	113,190.00	113,190.00
34	Makhaye S v Msunduzi Municipality	Delictual Claim	2005	Internal	R42 704. 96 plus interest at 15.5 per cent per annum.	49,324.23	49,324.23
35	Zondi M. v Msunduzi Municipality	Delictual Claim	2006	Internal	R50 000.00 plus interest at 15.5 per cent per annum.	57,750.00	57,750.00
36	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2004	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R22 541.11 plus interest at 15.5 per cent per annum.	26,034.98	26,034.98
37	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2004	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R32 585. 78 plus interest at 15.5 per cent per annum.	37,636.58	37,636.58
38	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2006	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R13 283.82 plus interest at 15.5 per cent per annum.	15,342.81	15,342.81
39	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2006	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 21697.25 plus interest at 15.5 per cent per annum.	25,060.32	25,060.32
40	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2005	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R34 806.17 plus interest at 15.5 per cent per annum.	40,201.13	40,201.13
41	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2005	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 8071.64 plus interest at 15.5 per cent per annum.	9,322.74	9,322.74
42	Ngcobo RB v Msunduzi Municipality	Delictual Claim	2003	Internal	R 11375.27 plus interest at 15.5 per cent per annum.	13,138.44	13,138.44
43	Mthimkhulu S. v Msunduzi Municipality	Delictual Claim	2009	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 204 650. 00 plus interest at 15.5 per cent per annum.	236,370.75	236,370.75
44	Mamusa Marketing v Msunduzi Municipality	Delictual Claim	2007	Internal	R 9823.48 plus interest at 15.5 per cent per annum.	11,346.12	11,346.12
45	Blue Thunder Trading cc t/a Khanyisa energy Management Services v Msunduzi Municipality	Delictual Claim	2009	Logan Chetty Attorneys: Tel 033 345 1639 Fax 086 218 5702 Physical Address 13 Prince Edward Street; Pietermaritzburg, 3201 Postal Address PO Box 11706, Dorpspruit, 3206.	R 223 576 .00 plus interest at 15.5 per cent per annum.	258,230.28	258,230.28
46	Ogilvie I v Msunduzi Municipality	Delictual Claim	2006	Insurance	R 166 160.54 plus interest at 15.5 per cent per annum.	191,915.42	191,915.42
47	Ngcobo DV v Msunduzi Municipality	Delictual Claim	2007	Insurance	R 1 800 000.00 plus interest at 15.5 per cent per annum.	2,079,000.00	2,079,000.00
48	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 2424.50 plus interest at 15.5 per cent per annum.	2,800.30	2,800.30
49	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 5519.06 plus interest at 15.5 per cent per annum.	6,374.51	6,374.51
50	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 5586.00 plus interest at 15.5 per cent per annum	6,451.83	6,451.83
51	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 1721.40 plus interest at 15.5 per cent per annum.	1,988.22	1,988.22
52	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 4902.00 plus interest at 15.5 per cent per annum.	5,661.81	5,661.81
53	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 5163.06 plus interest at 15.5 per cent per annum.	5,963.33	5,963.33

THE MSUNDUZI MUNICIPALITY
APPENDIX F
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2014	Total 2013	Total 2014
54	Gavin's panel Shop v. Msunduzi Municipality	Contractual claim	2010	Internal	R 5506.20 plus interest at 15.5 per cent per annum.	6,359.66	6,359.66
55	Naidoo Kogulan v Msunduzi Municipality	Delictual Claim	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
56	Majozi HS v Msunduzi Municipality	Delictual Claim	2010	Internal	R 95 000.00 plus interest at 15.5 per cent per annum.	109,725.00	109,725.00
57	Dlamini BM v Msunduzi Municipality	Delictual Claim	2010	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 300 000.00 plus interest at 15.5 per cent per annum.	346,500.00	346,500.00
58	Bishop's roadworks v. Msunduzi Municipality	Contract	2009	Internal	R 120 000.00 plus interest at 15.5 per cent per annum.	138,600.00	138,600.00
59	Mahlaba J v Msunduzi Municipality	Delictual Claim	2010	Internal	R 21 406. 36 and R2650.00 plus interest at 15.5 per cent per annum.	27,785.10	27,785.10
60	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim	2010	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 200 000.00 plus interest at 15.5 per cent per annum.	231,000.00	231,000.00
61	Singh MS v Msunduzi Municipality	Delictual Claim	2010	Internal	R 69 224.62 plus interest at 15.5 per cent per annum.	79,954.44	79,954.44
62	Ngubane TT v Msunduzi Municipality	Delictual Claim	2010	Insurance	R118 490.00 plus interest at 15.5 per cent per annum.	136,855.95	136,855.95
63	Bayeni GP v Msunduzi Municipality	Delictual Claim	2010	Internal	R 97 430.00 plus interest at 15.5 per cent per annum.	112,531.65	112,531.65
64	Ramdeen VD v Msunduzi Municipality	Delictual Claim	2010	Afzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Adv Flemming Tel: 033 845 3576 Fax: 033 394 8374. Physical Address Advocates Chambers Block B3, 17 Prince Edward Street, Pietermaritzburg, 3201.	R100 000.00 and R4438.00 Plus interest at 15.5 per cent per annum.	120,510.00	120,625.89
65	Mlaba M. v Msunduzi Municipality	Delictual Claim	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
66	Longlife tyres (PTY) LTD v Msunduzi Municipality	Contract	2010	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	R 592 589.77 plus interest at 15.5 per cent per annum.	684,441.18	684,441.18
67	Gayer Gail v Msunduzi Municipality	Delictual Claim	2010	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 262 473.98 plus interest at 15.5 per cent per annum.	303,157.45	303,157.45
68	Selepe H v Msunduzi Municipality	Delictual Claim	2010	Internal	R 5 189.35 plus interest at 15.5 per cent per annum.	5,993.70	5,993.70
69	Mahlaba B o.b.o. Mahlaba AY v Msunduzi Municipality	Delictual Claim	2010	Internal/Insurance	R 1000 000.00 plus interest at 15.5 per cent per annum.	115,500.00	1,155,000.00
70	Mans N. v Msunduzi Municipality	Delictual Claim	2010	Internal	R 7045.75 plus interest at 15.5 per cent per annum.	8,137.84	8,137.84
71	Mutual and federal v. Msunduzi Municipality	Delictual Claim	2010	Internal	R22 829.59	26,368.18	22,829.59
72	Reddy Ronald v Msunduzi Municipality	Contractual Claim	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum.	326,654.88	326,654.88
73	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Contractual claim	2010	Internal	R8 051 632. 79 plus interest at 15.5 per cent per annum.	9,299,635.87	9,299,635.87
74	Mavundla AB v Msunduzi Municipality	Delictual Claim	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
75	Ngidi SS v. Msunduzi Municipality	Delictual Claim	2010	Internal/Insurance	R 2200 000.00	2,541,000.00	2,541,000.00
76	Raghu N. v Msunduzi Municipality	Delictual Claim	2010	Internal	R 500 000.00 plus interest at 15.5 per cent per annum.	577,500.00	577,500.00
77	Bhoodram R. v. msunduzi Municipality	Delictual Claim	2010	Internal	R 32 552.00 and R30.03 plus interest at 15.5 per cent per annum.	37,632.24	37,632.24
78	Mbatha BC v. Msunduzi Municipality	Delictual Claim	2010	Internal	R 16 794.48 plus interest at 15.5 per cent per annum.	19,397.62	19,397.62
79	Mpungose NK v Msunduzi Municipality	Delictual Claim	2011	Internal	R 23 964.42 plus interest at 15.5 per cent per annum.	27,678.91	27,678.91
80	Arhen Y v. Msunduzi Municipality	Delictual Claim	2011	Internal	R14 845.71 plus interest at 15.5 per cent annum	17,146.80	17,146.80
81	Nxumalo TR v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 21 791.04 plus interest at 15.5 per cent per annum.	25,168.65	25,168.65
82	Crescent Motor Brokers and Agents CC t/a Crescent Car Sales v. Msunduzi Municipality	Delictual Claim	2011	Internal	R100 000.00 Plus interest at 15.5 per cent per annum.	115,500.00	115,500.00
83	3 DM contractors v Msunduzi Municipality	Contractual claim	2011	Internal	R66 930.35 plus interest at 15.5 per cent per annum.	77,304.55	77,304.55
84	Nondzanga Z. v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 22 232.97 plus interest at 15.5 per cent per annum.	25,679.08	25,679.08

THE MSUNDUZI MUNICIPALITY
APPENDIX F
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2014	Total 2013	Total 2014
85	Union Risk Management Alliance (PTY) LDT v. Msunduzi Municipality	Delictual Claim	2011	Internal	R152 948.84 plus interest at 15.5 per cent per annum.	176,655.91	176,655.91
86	Dladla NB v. Msunduzi Municipality	Delictual Claim	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum.	125,940.01	125,940.01
87	Khuselani Security v. Msunduzi Municipality	Delictual Claim	2011	Internal	R1 830 532.00 pls interest at 15.5 per cent per annum.	2,114,264.46	2,114,264.46
88	Impress Services (PTY)LTD v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 29 238.27 and R1638.70.	35,662.90	35,662.90
89	Kwenzokuhle Construction v. Msunduzi Municipality	Contractual claim	2011	Internal	R 2 178 000.00 plus interest at 15.5 per cent per annum.	2,515,590.00	2,515,590.00
90	Relief interior and Joinery v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 45 080.00 plus interest at 15.5 per cent per annum.	52,067.40	52,067.40
91	Krsishnan Moodley t/a Derby supermarket	Contractual claim	2011	Internal	R 444 400.00 plus interest at 15.5 per cent per annum.	513,282.00	5,132.82
92	Ds Cremators v. Msunduzi Municipality	Contractual claim	2011	Internal	R 27 789.37 plus interest at 15.5 per cent per annum.	32,096.72	32,096.72
93	Shortts Retreat:	Interdict by land owners against illegal occupiers, Municipality ordered to provide temporary housing & basic services. Municipality made application to vary the relocation order- now seeking expropriation of properties so as to house occupants in situ. .	y joined as party i	Julian Von Klemperer:Suite No 2, Redlands Estate, 1 George McFarlane Lane tel 033-3551791	Costs if unsuccessful		
94	Chadya: 69 Railway Street	Interdict for reconnection of electricity. Matter not finalized.	Nov-09	Adv. P. Bezuidenhout: Advocates Chambers, 17 prince edward street, Pietermaritzburg, tel: 0338453522/ 082 443 3836, fax: 0333943734; K. Thythereleigh (withdrew); Agrippa Mpungose: 033 341 9100.	Costs if unsuccessful		
95	Resslar Investment	interdict for reconnection of electricity. Matter not finalized.	Feb-12	Adv. Snyman: 033 384 3524; K Tytherleigh (withdrew); Agrippa Mpungose: 033 341 9100 (withdrew)	Costs if unsuccessful		
96	Billboards	Townbush road order obtained for the removal of billboards.	Dec-09	Adv. H. Ganie: Advocates Chambers, tel: 033 384 5351/7; Attorney: Mr. Udesh Ramesar: office 6 Joomason's Arcade, 476 Church Street, Pietermaritzburg: tel: 033 345 59 69; telefax: 0333459571 e-mail:udeshramesar@telkomsa.net	Possibility that costs of removal be incurred by the Municipality/ not fully recovered. Building Survey to facilitate.		
97	Roy Hesketh Racing Track	Land sold to developer. Did not develop as per agreement. possibility of Municipality having to purchase back at R3.5 Million. Another developer indicated possible purchaser from current developer with benefits to the Municipality. Economis Development to advise of any developments.	N?A	internal	Economic development to advise on progress. Apparently another developer indicated possible purchase from current developer with benefits to the Municipality.		
98	Nt Dlomo/ N Cele	Interdict against Municipality: to set aside building plan approval.	2008	Ngcobo Poyo & Diedricks Inc: 033 341 9240; Adv PC.Bezuidenhout SC.Advocates Chambers, 17 Prince Edward street, Pietermaritzburg, tel: 0338453522/ 082 443 3836, fax: 0333943734;	Case not decided. Costs if case is lost.		
99	Planet Waves 399	Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.	N/A	Xaba Attorneys, suite 201,2nd floor, 251 Church Street, Fedsure House,tel: 0333457927, fax: 3456985, e-mail: dumi@xabainc.co.za PC Bezuidenhout SC Advocates Chambers 17 Prince Edward Street, Pietermaritzburg 033-8453522/082443836fax0333943734	Planet Waves sued for R 1.694 937.70 and Municipality countersued for R 1, 940 934.00		169,437.70
100	PMB and District Indian Funeral Society	Re-transfer of Council property.	2008	Ngcobo Poyo & Diedricks Inc: 033 341 9240	Re-transfer obtained by the Municipality. Matter finalised.		
101	T. Christodoulou and Sons	Application for interdict by Municipality against developer for compliance with Planning and Development Act.	2012	TMJ Attorneys; Agrippa Mpungose: 033 341 9100.	Interdict granted by consent but costs reserved. Cost unknown at this stage. Risk of costs.		
102	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Mr. Alwyn Volsum: 033 394 8116;,4 George Street, Pietermritzburg,tel:3948116,fax:0866215902,e-mail: vcl@iafrica.com, Advocate VM . Naidoo: 033 845 3535.	Claim for R505 000.00 plus interest plus legal costs. Not yet decided.	577,500.00	505,000.00
103	APS Panelbeaters	Interdict application to prohibit electricity disconnection.	2011	Mr. Alwyn Volsum: 033 394 8116;,4 George Street, Pietermritzburg,tel:3948116,fax:0866215902,e-mail: vcl@iafrica.com Adv Snyman:033 845 3524.	Interdict granted against the Municpality. Costs were awarded against municipality		
104	Innocent & Smangele Mchunu, 3 Oban Drive	Application by Municipality to e	2012	Mr. Mathew Francis: .221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	Applicationopposed by respondents. Settlement agreement entered into. Application to place respondents in breach of settlement agreement unsuccessful. Decision taken on appeal. Costs if awarded against us.		
105	Yugen Brian Govender (Magicone Investments CC) 65 Pine Street	Application by Municipality to enforce compliance with Planning and Development Act.	2012	Mr. Mathew Francis:.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	Case not finalized. Matter taken on appeal by respondent: Costs if unsuccessful.		

THE MSUNDUZI MUNICIPALITY
APPENDIX F
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2014	Total 2013	Total 2014
106	Pyrachand Meganbehare, Vinesh Singh; 44 Rosedale Road	Application by Municipality to enforce compliance with Planning and Development Act.	2012	Mr. Mathew Francis:.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	Case finalised. Municipality successful, costs are being collected.		
107	Shepstone House Two LTD	Application to prohibit disconnection and counter application to prohibit illegal occupation and electricity connection.	2012	Mr. Diedricks: Diedricks Inc. 083 375 4036; Adv. A Rall SC 033 845 35 29.	Case finalised, municipality successful. Costs collected from respondent.		
108	Naidoo M. v Msunduzi Municipality	Delictual Claim	2011	Internal/Insurance	R 370 000.00 plus interest at 15.5 per cent per annum.	427,350.00	427,350.00
109	Hilton Vet Clinic v. Msunduzi Municipality	Delictual Claim	2011	Venn Nemeth and Hart Attorneys- Mr D. Schaupe Tel 033 355 3100 Fax 033 394 1947. Physical Adress 281 Pietermaritz Street, Pietermaritzburg,3201.	R 390 270. 21 plus interest at 15.5 per cent per annum.	450,762.09	45,357.09
110	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2011	Internal	R 7551.19 plus interest at 15.5 per cent per annum.	8,721.62	8,721.62
111	Joubert ML v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 100 550.00 plus interest at 15.5 per cent per annum.	116,135.25	116,135.25
112	Kroese J. v. Msunduzi Municipality	Delictual Claim	2011	Internal	R 40 000.00 plus interest at 15.5 per cent per annum.	46,200.00	46,200.00
113	Ngubo N. v. Msunduzi Municipaliy	Delictual Claim	2012	Internal	R 9063.12 plus interest at 15.5 per cent per annum.	10,467.90	10,467.90
114	Mabaso TW v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 850. 43 plus interest at 15.5 per cent per annum.	982.25	982.25
115	Sayed J t/a Metro Taxis and yellow cabs v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 15 950 .52 plus interest at 15.5 per cent per annum.	18,422.85	18,422.85
116	De Meyer CJ v. Mssunduzi Municipality	Delictual Claim	2012	Internal	R25 361.49 and R30.03 plus interest at 15.5 per cent per annum	29,327.21	29,327.17
117	Bishop's roadworks v. Msunduzi Municipality	Delictual Claim	2012	Internal	R19 609.98 plus interest at 15.5 per cent per annum and R12 938.95 plus interest at 15.5 per cent per annum.	22,649.53	37,594.01
118	Ahmed W v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 35 700.92 plus interest at 15.5 per cent per annum.	41,234.56	41,234.56
119	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	2012	Lister and Lister Attorneys	R 49 834.75 plus interest at 15.5 per cent per annum.	57,559.14	57,559.14
120	Govender K v. Msunduzi Municipality	Delictual Claim	2012	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Adress Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 180 000.00 plus interest at 15.5 per cent per annum.	207,900.00	207,900.00
121	Cassimjee MH v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 4015.00 plus interest at 15.5 per cent per annum.	4,637.33	4,637.33
122	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual Claim	2012	Internal	R139 961.45 plus interest at 15.5 per cent per annum.	161,655.47	161,655.47
123	Balnag L and Balnag F v Msunduzi Municipality	High Court Application	2011	Afzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Cumberwood, 3235.	There is no monetary claim; however Council could be liable for legal costs.	-	
124	Subrimoney v Msunduzi Municipality	High Court Application: Discon	2012	Mastross attorneys: Mr Ori Tel 033 394 5828 Fax: 033 394 5792 Physical Address 393 Jabu Ndlovu Street Postal Address PO Box 3139, Pietermaritzburg, 3200.	There in no monetary claim; however Council could be liable for legal costs.	-	
125	Wozatainment CC v. Msunduzi Municipality	Contractual claim	2012	Internal	R 214 400.00 plus interest at 15.5 per cent per annum.	247,632.00	247,632.00
126	New Horizons Senior Citizens Club v. Msunduzi Municipality	Delictual Claim	2012	Internal	R 8,005.20	9,246.01	8,005.20
127	Smith JC v Msunduzi Municipality	Delictual Claim	Dec-12	Internal	R 17 847.94 plus interest at 15.5 per cent per annum.	20,614.37	
128	Goga Y v Msunduzi Municipality	High Court Application: Discon	Dec-12	Diedricks Inc TeL 033 342 9808 fax 086 219 1672 Physical Address 90 C Roberts Road, Clarendon, Pietermaritzburg. Postal Address PO Box 50, Pietermaritzburg, 3200 and Adv V Sibeko 033 897 8487 Fax 033 897 8486. Physical/ Postal Address Group 16, 161 Pietermaritz Street, Pietermaritzburg, 3201.	There in no monetary claim; however Council could be liable for legal costs.	-	
129	Govender Kem v. Msunduzi Municipality	Delictual Claim	Dec-12	Internal	R 22 242.00 plus interest at 15.5 per cent per annum.	25,689.51	25,689.51
130	Mkhonza B. v Msunduzi Municipality	Delictual Claim	Oct-12	Internal	R 293 000.00 plus interest at 15.5 per cent per annum.	338,415.00	338,415.00
131	Telkom SA LTD v Msunduzi Municipality	Delictual Claim	Apr-13	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	R 46 628.06 plus interest at 15.5 per cent per annum.	53,855.41	53,855.41
132	Ibrahim M. v Msunduzi Municipality	Delictual Claim	Apr-13	Internal	R 7000.00 plus interest at 15.5 per cent per annum.	8,085.00	8,085.00
133	Bukus HM v Msunduzi Municipality	Delictual Claim	May-13	Internal	R 17 270.24 plus interst at 15.5 per cent per annum.	19,947.13	19,947.13
134	Phinduvuke Car Rentals v. Msunduzi Municipality	Delictual Claim	Jun-13	Internal	R 19 729.28	22,787.32	19,729.28

THE MSUNDUZI MUNICIPALITY
APPENDIX F
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2014

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2014	Total 2013	Total 2014
135	Wood DM v. Msunduzi Municipality	Delictual Claim	Jul-12	Uys Matyeka Schwartz Attorneys: Tel 031 304 6063 Fax 031 304 2379. Physical Adress Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 123 000.00 plus interest at 15.5 per cent per annum.	142,065.00	142,065.00
136	Electrical Wiring and Repairs v Msunduzi Municipality	Contractual claim	Oct-12	Internal	R 4350.00 plus interest at 15.5 per cent per annum.	5,024.25	5,024.25
137	Ramharak RJ v Msunduzi Municipality	Delictual Claim	Nov-12	Internal	R 300 000.00 plus interest at 15.5 per cent per annum.	346,500.00	346,500.00
138	Venter A. v. Msunduzi Municipality	Delictual Claim	Nov-12	Internal	R 5473.80 plus interest at 15.5 per cent per annum.	6,322.24	6,322.24
139	Ogle COO v Msunduzi Municipality	Delictual Claim	Dec-12	Internal/Insurance	R 300 000.00 plus interest at 15.5 per cent per annum.	346,500.00	346,500.00
140	Zama SJ v Msunduzi Municipality	Delictual Claim	Dec-12	Internal	R 14 846.22 plus interest at 15.5 per cent per annum.	17,147.38	17,147.38
141	Makhaye SB v Msunduzi Municipality	Delictual Claim	Mar-13	Internal	R8688.46 plus interest at 15.5 per cent per annum.	10,035.17	10,035.17
142	Transnet (PTY)LTD v Msunduzi Municipality	Delictual Claim	Mar-13	Internal	R 48 409.10 plus interest at 15.5 per cent per annum.	55,912.51	55,912.51
143	Ngcobo NP v Msunduzi Municipality	Delictual Claim	Apr-13	Internal	R 1639.11 plus interest at 15.5 per cent per annum.	1,893.17	1,893.17
144	Barnard S. v. Msunduzi Municipality	Delictual Claim	Feb-13	Internal	R 8369.97 plus interest at 15.5 per cent per annum.	9,667.32	9,667.32
145	Karim S. v. Msunduzi Municipality	Delictual Claim	Sep-12	Internal	R 4211.52 plus interest at 15.5 per cent per annum.	4,864.31	4,864.31
154	33 St Patricks Road (Chapters)	Interdict::Electricity	2012	Alwyn Volsum & Associates,4 George Street, Pietermritzburg,tel:3948116,fax:0866215902,e-mail: vcl@iafrica.com, Advocate VM Naidoo, 17 Prince Edward Street, Advocates' Chambers,tel: 38453535,fax: 3428941,e-mail:venesen@group8.co.za	To pay own costs and costs of attorney for applicant, namely R45710-37.	45,710.37	
	Indo Contractors cc	Termination of contract	Jul-05	To be appointed	Councils claim approx.R5 million. Contractor willing	1,200,000.00	
163	Woolfsons Properties	Interdict: Building Contraventio	2012	Diedricks attorneys,90© Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@diedriecksattorneys.co.za, Advocate LE Combrink 17 Prince edward street, Advocates' chambers, tel: 38453537,fax:3428941,e-mail:larence@group8.co.za	Costs in favour of municipality - R63313-98 collected.	73,128.00	
146	Asgar Mahomed: Main City Building	Interdict re termination of elec	2012	Diedricks attorneys,90© Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@diedriecksattorneys.co.za, Advocate Rall, 17 Prince edward street, Advocates' chambers	Matter settled at R22 000	25,410.00	22,000.00
148	Epilite 123 CC	Review of sale of land	2012	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za	Municipality successful. Supreme Court of Appeal decided in favour of the Municipality. Costs being collected.	8,500,000.00	
						42,529,437.35	**61,675,828.02**